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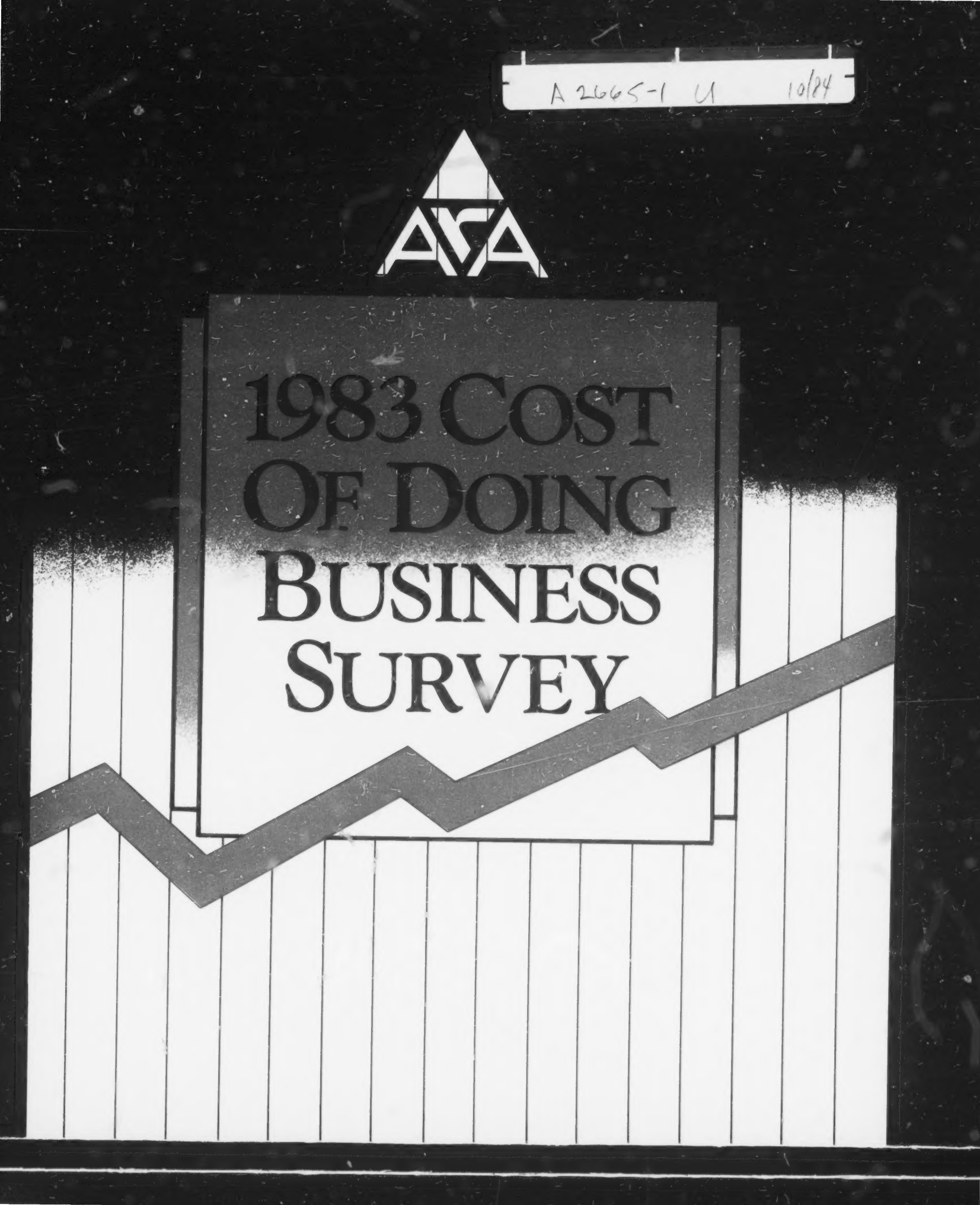

COST OF DOING BUSINESS SURVEY

Prepared for —
American Rental Association
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TABLE OF CONTENTS

A REVIEW OF 1983 1
Profitability
Expenses
Financial Condition
Other Financial Indicators
Other Comments
SECTION I. FINANCIAL DATA FOR ALL RESPONDENTS 4
SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM 8
SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES 12
SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED 19
Construction and Industrial Equipment
General Rental
Medical and Party Goods
SECTION V. FINANCIAL DATA RELATED TO REGIONS 23

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A REVIEW OF 1983

There were 363 respondents to the 1983 *Cost of Doing Business Survey*, and they reported total revenues of $293 million. The distribution of respondents, by revenue group, was:

	Number of Respondents			
Revenue Group	1983	1982	1981	1980
0 to $100,000	21	26	20	22
$100,001-$200,000	47	62	53	58
$200,001-$500,000	142	137	131	141
$500,001-$1 million	84	88	63	62
Over $1 million	69	68	62	74
Total Respondents	363	381	329	357
Total Revenues (millions)	$292.6	$285.9	$242.0	$296.8

Figures 1 and 2 show sources of revenues and expenses for all respondents. Figures 3 and 4 show the ratio of operating profit to gross operating profit for 1980-1983 by size, source of revenue and type of equipment rented.

Profitability

Profitability of rental firms rebounded dramatically in 1983 from the below average years of 1981 and 1982. Pretax return on investment climbed to 17.9 percent from 11.4 percent in 1982 and 16.5 percent in 1981.

Pretax return on total assets (8.8 percent) and return on revenues (6.4 percent) were the highest since 1979.

Total net income before taxes of the 363 respondents in 1983 was $18.6 million, an average of $51,356 per respondent. This was substantially higher than the $11 million (28,892 average) reported by the 381 respondents in 1982.

Profitability related to size of firm. Respondents in all five size categories showed marked improvement in average net income before taxes with both the largest firms and the smallest firms doubling their 1982 averages.

The following table compares these averages for the last three years:

Size of Firm	Average Pretax Earnings		
(Revenues)	1983	1982	1981
Under $100,000	$ 2,360	$ 1,220	$ 320
$100,001-$200,000	5,680	2,610	5,900
$200,001-$500,000	22,020	13,700	18,400
$500,001-$1 million	40,010	37,100	48,400
Over $1 million	171,560	83,500	102,300
Average	$51,360	$28,900	$36,800

Return on investment was highest in the $200,001 to $500,000 sized firms at 21.8 percent followed by the largest firms (over $1 million) at 18.3 percent. These sized firms also had the highest returns on total assets and revenues.

Profitability related to source of revenues. As in previous years, firms deriving most of their revenues from rentals (70 percent or more) performed better than firms deriving less than 70 percent from rentals, but the sales-oriented firms showed the best improvement in return on investment going from 9.1 percent in 1982 to 16 percent in 1983, a 76 percent increase. Rental oriented firms recorded an average 18.4 percent return on investment.

Average net income before taxes for the respondents showing over 70 percent of revenue from rentals was $54,758 compared to $41,478 for those showing less than 70 percent from rentals.

The firms with revenues of $200,001 to $500,000 showed the best returns on investment in both the rental-oriented and the sales-oriented categories, 21.1 percent for the former and 24.4 percent for the latter.

Profitability related to type of equipment rented. Return on investment (ROI) increased in 1983 for all three major rental categories. General rental firms had the largest relative increase in ROI of 97 percent from 9.7 percent in 1982 to 19.1 in 1983. The medical-party, audio-visual firms continue to show the best ROI, a 31.8 percent return in 1983. This represented an 86 percent increase over 1982.

Profitability related to regions. Firms in all regions except the Southwest showed an improvement in their return on investment (ROI) in 1983. The Southwest had the highest ROI in 1982 at 21.8 percent but slipped slightly to 20.8 percent in 1983, the third highest. The Northeast, Region 1, showed the highest ROI in 1983—28.7 percent. The biggest increase over 1982 occurred in Region 9, the Pacific region, which went from a loss in 1982 to a 13.1 percent ROI in 1983. Other large increases in ROI were recorded in Canada, from 8.1 percent in 1982 to 20.1 percent in 1983; and the Midwest, from 4 percent in 1982 to 14.9 percent in 1983.

Return on total assets and return on revenues increased in 1983 over 1982 in all regions. The lowest increases in these ratios, one-tenth of one percent each, were recorded in the Great Lakes region, Region 5.

Expenses

Among the major expenses, the largest relative decreases in percent of gross operating profit were in shop supplies and expense, 3.9 percent in 1982 to 2.9 percent in 1983; and interest, 5.2 percent in 1982 to 4 percent in 1983. Labor costs (salaries, wages and employee benefits) showed a decrease in 1983, the first decrease since 1979. They were 39.7 percent of gross operating profit in 1982 and 38.2 percent in 1983.

Financial Condition

The net worth of all respondents increased from 46.5 percent of total assets in 1982 to 49.3 percent in 1983, with a corresponding reduction in long-term debt from 26.6 percent in 1982 to 23.6 percent in 1983.

Accounts receivable increased from 11.9 percent of total assets in 1982 to 13.1 percent in 1983, and the average collection period increased from 32 days in 1982 to 35 days in 1983.

Total current assets and total current liabilities as percentages of total assets remained the same in 1983 as in 1982, as did the current ratio. Merchandise inventories decreased from 12.1 percent in 1982 to 9.9 percent in 1983. The percentage of total assets invested in net rental equipment increased from 44.2 percent in 1982 to 45.6 percent in 1983.

Other Financial Indicators

Rental revenues to net rental investment (after accumulated depreciation) increased to 2.09 times in 1983 from 2.05 times in 1982, but rental revenues to equipment cost decreased from .85 times in 1982 to .83 times in 1983. Depreciation on rental equipment rose one-half percent in 1983 over 1982.

Yellow page advertising for those firms reporting rose $1,000 in 1983 to $8,400 per firm. Proprietors' salaries and drawings for the firms reporting rose to $43,750 in 1983 from $36,500 in 1982.

Other Comments

The response of the 363 firms is appreciated. More detailed tabulations for firms in each major rental category will be available through the respective councils.

Average income and expense, and average balance sheets by region and by type of equipment rented will also be available through the councils.

FIGURE 1 SOURCES OF REVENUE, 363 RESPONDENTS, 1983

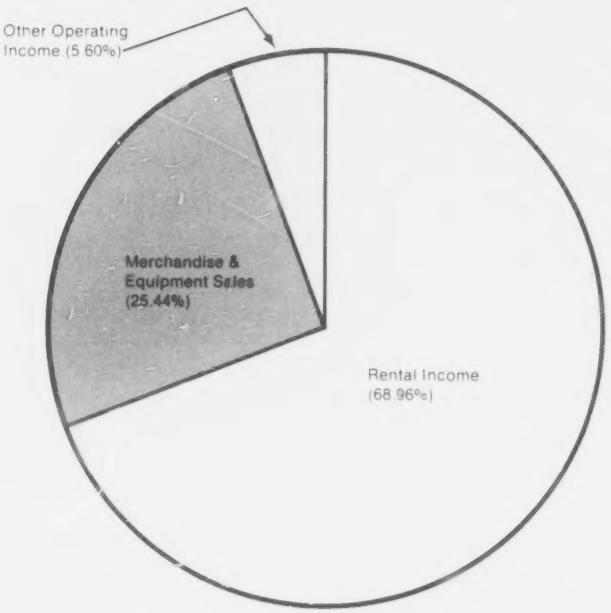
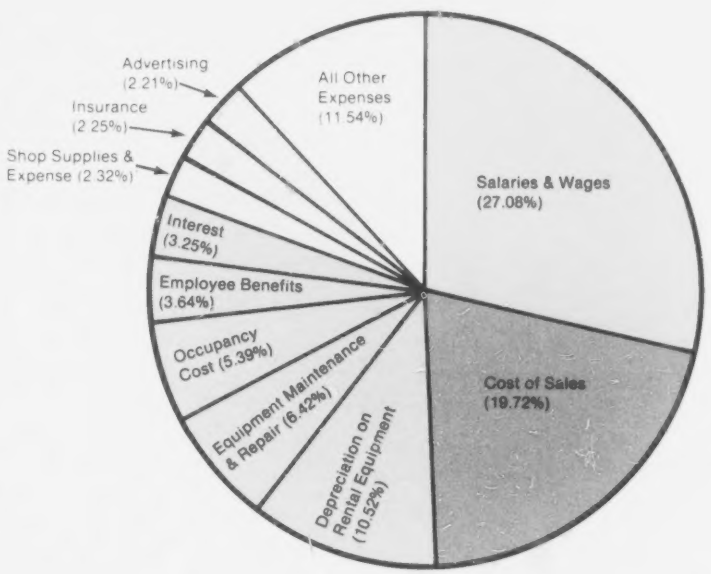
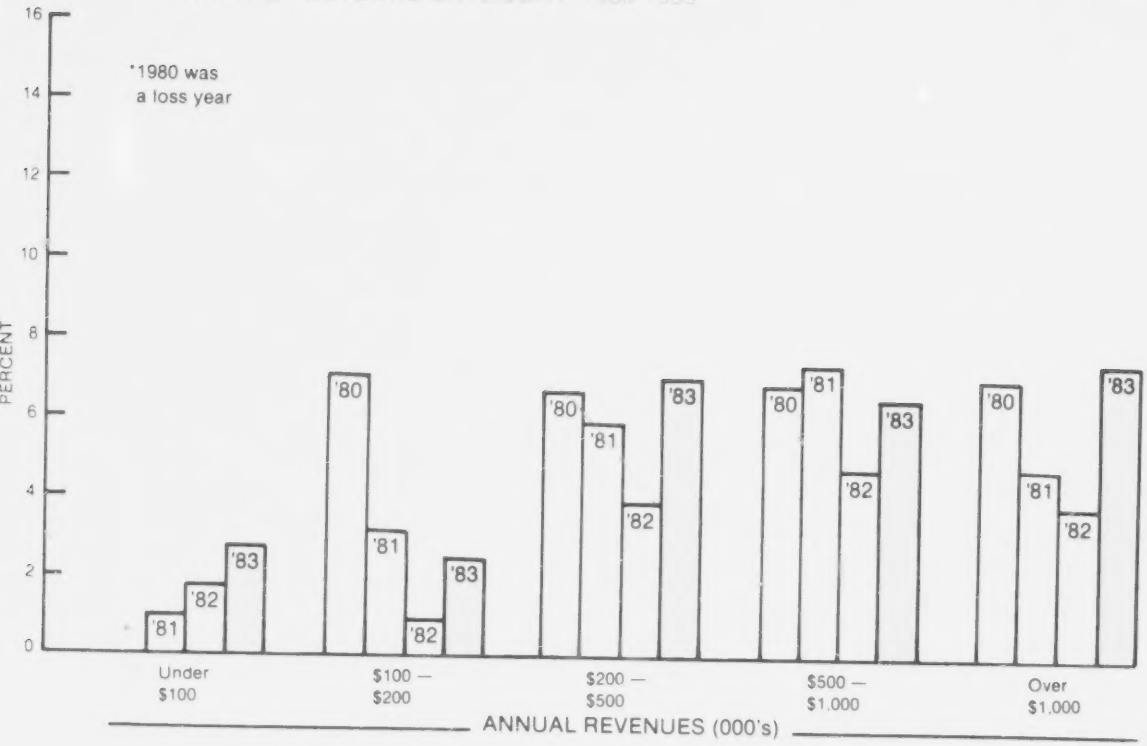


FIGURE 2 MAJOR EXPENSE CATEGORIES, 363 RESPONDENTS, 1983




16
14
12
10
8
6
4
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PERCENT
*1980 was
a loss year
'80
'81
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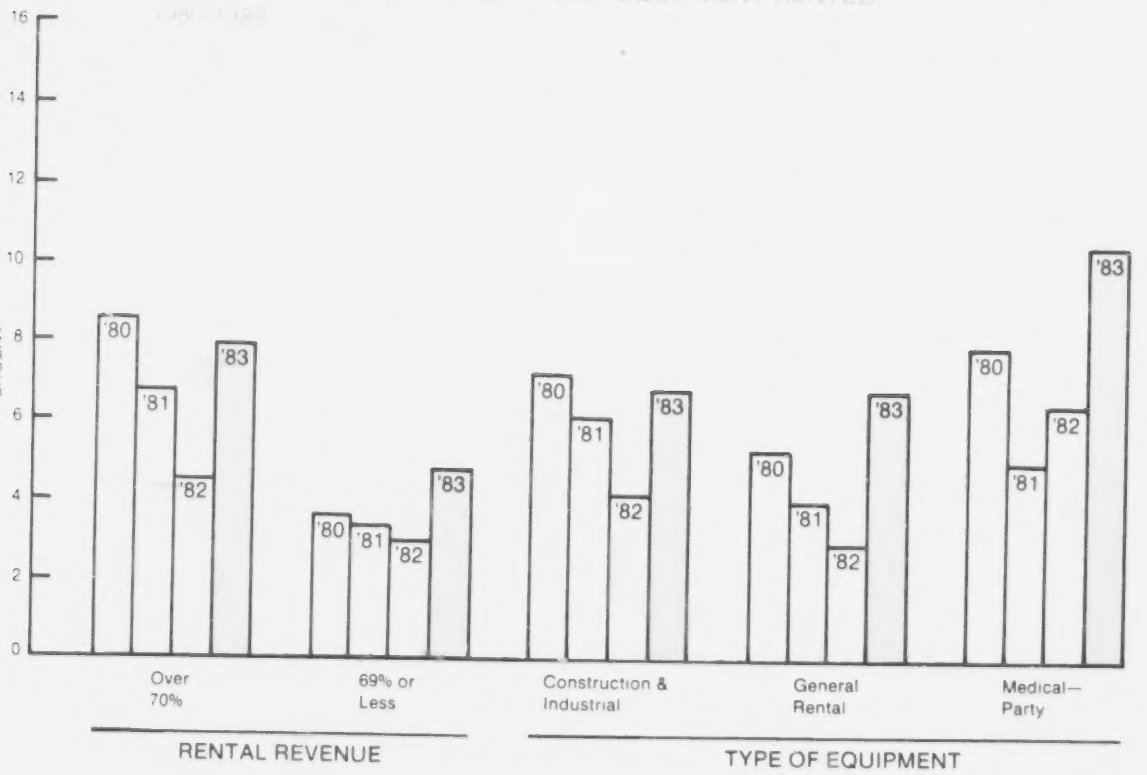
Over
$1,000
ANNUAL REVENUES (000's)


16
14
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'83
Over
70%
69% or
Less
RENTAL REVENUE
Construction &
Industrial
General
Rental
Medical—
Party
TYPE OF EQUIPMENT

SECTION 1. FINANCIAL DATA FOR ALL RESPONDENTS

The 363 responding firms had average revenues of $806,112, up seven percent from the $750,462 reported in 1982.

Key financial ratios for 1983 and three prior years are shown below. The ratio of rental revenues to the original cost of equipment rented was presented in 1981 for the first time, and is not available for all previous years.

FINANCIAL RATIOS	1983	1982	1981	1980
CURRENT RATIO (current assets ÷ current liabilities)	1.4	1.4	1.3	1.2
ACID TEST RATIO (cash, marketable securities and accounts receivable ÷ current liabilities)	.89	.78	.78	.71
RETURN ON INVESTMENT (net income before taxes ÷ net worth)	17.9%	11.4%	16.5%	19.2%
RETURN ON TOTAL ASSETS (net income before taxes ÷ total assets)	8.8%	5.3%	7.1%	7.9%
RETURN ON REVENUES (net income before taxes ÷ revenues)	6.4%	3.9%	5.0%	5.8%
AVERAGE COLLECTION PERIOD (accounts receivable ÷ average daily revenues)	35 days	32 days	35 days	37 days
PROFITS ON RENTAL INVESTMENT (net income before taxes ÷ net rental equipment)	19.3%	12.0%	15.6%	16.8%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues ÷ net rental equipment)	3.03 times	3.12 times	3.11 times	2.89 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income ÷ net rental equipment)	2.09 times	2.05 times	1.97 times	1.86 times
RENTAL REVENUES TO EQUIPMENT COST (rental income ÷ cost of rental equipment)	.83 times	.85 times	.87 times	.86 times

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries & Wages	33.7%	34.9%	33.4%	32.4%
Employee Benefits	4.5	4.8	4.6	4.3
TOTAL	38.2	39.7	38.0	36.7
Depreciation (All)	15.3	14.7	15.1	15.3
Occupancy Cost	6.7	6.7	6.1	5.5
Equipment Maintenance & Repair	8.0	7.5	7.8	7.7
Interest	4.0	5.2	5.7	5.1
Advertising & Promotion	2.8	2.7	2.6	2.4
Insurance	2.8	3.3	3.4	3.6
Shop Supplies & Expense	2.9	3.9	4.3	4.4
OPERATING PROFIT	7.0	3.9	5.5	6.9

Table I-1 reports income and expense on an aggregated basis for all firms responding in 1980 through 1983. Table I-2 contains more detail on expenses, and Table I-3 presents balance sheets for the four years.

TABLE I—1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income & Expense Categories	1983 Dollars	1983 Percent of Total Income	1982 Dollars	1982 Percent of Total Income	1981 Dollars	1981 Percent of Total Income	1980 Dollars	1980 Percent of Total Income	Insert Your Own Figures Here
Rental Income	201,779,006	68.96	187,241,384	65.49	153,080,509	63.25	190,670,176	64.25	_____
Merchandise & Equipment Sales	74,440,459	25.44	79,334,629	27.75	71,138,773	29.39	86,357,773	29.10	_____
Other Operating Income	16,399,189	5.60	19,349,911	6.77	17,811,297	7.36	19,755,422	6.66	_____
Total Operating Income	292,618,654	100.00	285,925,924	100.00	242,030,579	100.00	296,783,371	100.00	_____
Less Cost of Sales	57,713,537	19.72	59,192,168	20.70	53,380,943	22.06	70,138,107	23.63	_____
Gross Operating Profit	234,905,117	80.28	226,733,756	79.30	188,649,636	77.94	226,645,264	76.37	_____
OPERATING EXPENSES:									
Salaries & Wages	79,252,092	27.08	79,082,944	27.66	63,019,333	26.04	73,535,697	24.78	_____
Employee Benefits & Taxes	10,647,096	3.64	10,794,012	3.78	8,723,582	3.60	9,755,855	3.29	_____
Equipment Maintenance & Repair	18,776,154	6.42	17,071,258	5.97	14,700,536	6.07	17,491,102	5.89	_____
Shop Supplies & Expense	6,790,163	2.32	8,860,434	3.10	8,164,560	3.37	10,082,330	3.40	_____
Occupancy Cost	15,785,206	5.39	15,146,441	5.30	11,554,814	4.77	12,491,045	4.21	_____
Bad Debts Expense	2,309,755	0.79	2,355,940	0.82	2,488,949	1.03	2,546,504	0.86	_____
Office Supplies & Expenses	3,407,156	1.16	3,245,348	1.14	2,245,080	0.93	2,661,767	0.90	_____
Associations & Travel Expense	2,003,249	0.68	1,775,940	0.62	1,600,599	0.66	1,939,697	0.65	_____
Legal & Accounting	2,242,821	0.77	2,414,592	0.84	2,189,562	0.90	2,459,948	0.83	_____
Telephone & Other Communications	2,799,679	0.96	2,652,890	0.93	1,903,782	0.79	2,111,697	0.71	_____
Automobile & Truck Expense	5,374,002	1.84	5,941,173	2.08	4,282,011	1.77	5,139,754	1.73	_____
Insurance	6,592,648	2.25	7,474,465	2.61	6,479,975	2.68	8,209,394	2.77	_____
Advertising & Promotion	6,472,969	2.21	6,130,296	2.14	4,848,625	2.00	5,368,081	1.81	_____
Other Taxes	3,146,751	1.08	2,909,432	1.02	2,645,232	1.09	3,042,579	1.03	_____
Interest	9,505,055	3.25	11,766,149	4.12	10,693,695	4.42	11,510,613	3.88	_____
Franchise Fees	889,649	0.30	843,721	0.30	662,030	0.27	721,277	0.24	_____
Depreciation, Non-Rental Equipment	5,094,167	1.74	4,748,598	1.66	3,641,551	1.50	4,664,773	1.57	_____
Other Operating Expenses	6,494,327	2.22	5,979,567	2.09	3,756,558	1.55	7,379,865	2.49	_____
TOTAL OPERATING EXPENSES	187,582,939	64.10	189,193,200	66.17	153,600,474	63.46	181,111,978	61.02	_____
Operating Profit Before Rental Depr.	47,322,178	16.17	37,540,556	13.13	35,049,162	14.48	45,533,286	15.34	_____
Depreciation on Rental Equipment	30,784,086	10.52	28,644,429	10.02	24,772,883	10.24	29,915,017	10.08	_____
OPERATING PROFIT	16,538,092	5.65	8,896,127	3.11	10,276,279	4.25	15,618,269	5.26	_____
Other Income & Expense (Net)	2,104,077	0.72	2,111,797	0.74	1,848,010	0.76	1,665,848	0.56	_____
NET INCOME BEFORE INCOME TAXES	18,642,169	6.37	11,007,924	3.85	12,124,289	5.01	17,284,117	5.82	_____
NUMBER OF RESPONDENTS	363		381		329		357		

Special Notes for 1983

Proprietors' salary and drawings (average for firms reporting)	$43,753
Percent of total income (52 firms)	5.8%
Yellow Pages advertising (average for firms reporting)	$ 8,444
Percent of total advertising (210 firms)	46.1%

NOTE: Due to rounding, percentages may not add to the one-hundredth of a percent.

TABLE I-2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1983	1982	1981	1980
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00
EXPENSES:				
Salaries & Wages	33.74	34.88	33.41	32.45
Employee Benefits & Taxes	4.53	4.76	4.62	4.30
Equipment Maintenance & Repair	7.99	7.53	7.79	7.72
Shop Supplies & Expense	2.89	3.91	4.33	4.45
Occupancy Cost	6.72	6.68	6.13	5.51
Bad Debt Expense	.98	1.04	1.32	1.12
Office Supplies & Expense	1.45	1.43	1.19	1.17
Association & Travel Expense	.85	.78	.85	.86
Legal & Accounting	.95	1.06	1.16	1.09
Telephone & Other Communications	1.19	1.17	1.01	.93
Auto & Truck Expense	2.29	2.62	2.27	2.27
Insurance	2.81	3.30	3.43	3.62
Advertising & Promotion	2.76	2.70	2.57	2.37
Other Taxes	1.34	1.28	1.40	1.34
Interest	4.05	5.19	5.67	5.08
Franchise Fees	.38	.37	.35	.32
Depreciation—Non-Rental Equipment	2.17	2.09	1.93	2.06
Other Operating Expenses	2.76	2.64	1.99	3.26
Depreciation—Rental Equipment	13.10	12.63	13.13	13.20
OPERATING PROFIT	7.04	3.92	5.45	6.89

TABLE I-3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1983		1982		1981		1980		Insert Your Own
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Figures Here
CURRENT ASSETS:									
Cash	17,109,931	8.09	12,757,610	6.16	9,674,818	5.67	12,351,734	5.62	_____
Accounts Receivable (Net)	27,616,479	13.05	24,708,806	11.92	22,912,183	13.42	29,700,574	13.52	_____
Merchandise Inventories	20,966,351	9.91	25,165,617	12.14	18,482,764	10.82	27,124,773	12.35	_____
Marketable Securities	1,841,927	0.87	2,370,796	1.14	2,969,752	1.74	3,086,170	1.41	_____
Prepaid Expenses	2,637,728	1.25	3,427,299	1.65	3,262,624	1.91	4,196,216	1.91	_____
Supplies Inventory	505,595	0.24	897,337	0.43	679,102	0.40	837,006	0.38	_____
Other Current Assets	3,488,051	1.65	3,211,590	1.55	2,843,030	1.67	2,458,676	1.12	_____
Total Current Assets	74,166,062	35.06	72,539,055	35.00	60,824,273	35.62	79,755,149	36.31	_____
Rental Equipment—Net Book Value	96,421,476	45.58	91,500,632	44.15	77,871,526	45.61	102,727,419	46.77	_____
Other Fixed Assets—Net Book Value	33,282,086	15.73	34,055,535	16.43	24,551,008	14.38	28,905,500	13.16	_____
Total Fixed Assets	129,703,562	61.31	125,556,167	60.58	102,422,534	59.99	131,632,919	59.93	_____
Other Assets	7,694,930	3.64	9,168,408	4.42	7,495,542	4.39	8,240,189	3.75	_____
TOTAL ASSETS	211,564,554	100.00	207,263,630	100.00	170,742,349	100.00	219,628,257	100.00	_____
CURRENT LIABILITIES:									
Accounts Payable	14,180,404	6.70	12,479,129	6.02	10,083,436	5.91	14,073,297	6.41	_____
Current Notes Payable	21,891,783	10.35	25,582,949	12.34	23,746,425	13.91	33,944,191	15.46	_____
Contracts Payable	4,178,400	1.98	2,287,735	1.10	3,652,081	2.14	4,260,246	1.94	_____
Customers' Rental Deposits	629,008	0.30	581,653	0.28	451,413	0.26	419,380	0.19	_____
Accrued Expenses	5,676,501	2.68	4,726,651	2.28	4,385,018	2.57	4,005,112	1.82	_____
Taxes Payable	3,308,270	1.56	2,496,662	1.20	2,209,646	1.29	2,672,648	1.22	_____
Other Current Liabilities	2,309,913	1.09	2,882,644	1.39	1,292,579	0.76	4,597,040	2.09	_____
Total Current Liabilities	52,174,279	24.66	51,037,423	24.62	45,820,598	26.84	63,971,914	29.13	_____
Long-Term Debt	49,962,656	23.62	55,037,055	26.55	46,370,457	27.16	57,896,527	26.36	_____
Other Liabilities	5,215,601	2.47	4,788,162	2.31	4,883,074	2.86	7,787,595	3.55	_____
Total Liabilities	107,352,536	50.74	110,862,640	53.49	97,074,129	56.85	129,656,036	59.03	_____
Net Worth	104,212,018	49.26	96,400,990	46.51	73,668,220	43.15	89,972,221	40.97	_____
TOTAL LIABILITIES & NET WORTH	211,564,554	100.00	207,263,630	100.00	170,742,349	100.00	219,628,257	100.00	_____
NUMBER OF RESPONDENTS	363		381		329		357		

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 through II-3 present income and expense, balance sheet, and financial ratios for rental firms in five size categories for 1980-1983. Figure II-1 below contains return on investment for firms in each size category for 1980 through 1983.

FIGURE II-1. RETURN ON INVESTMENT BY SIZE OF FIRM, 1980-1983.

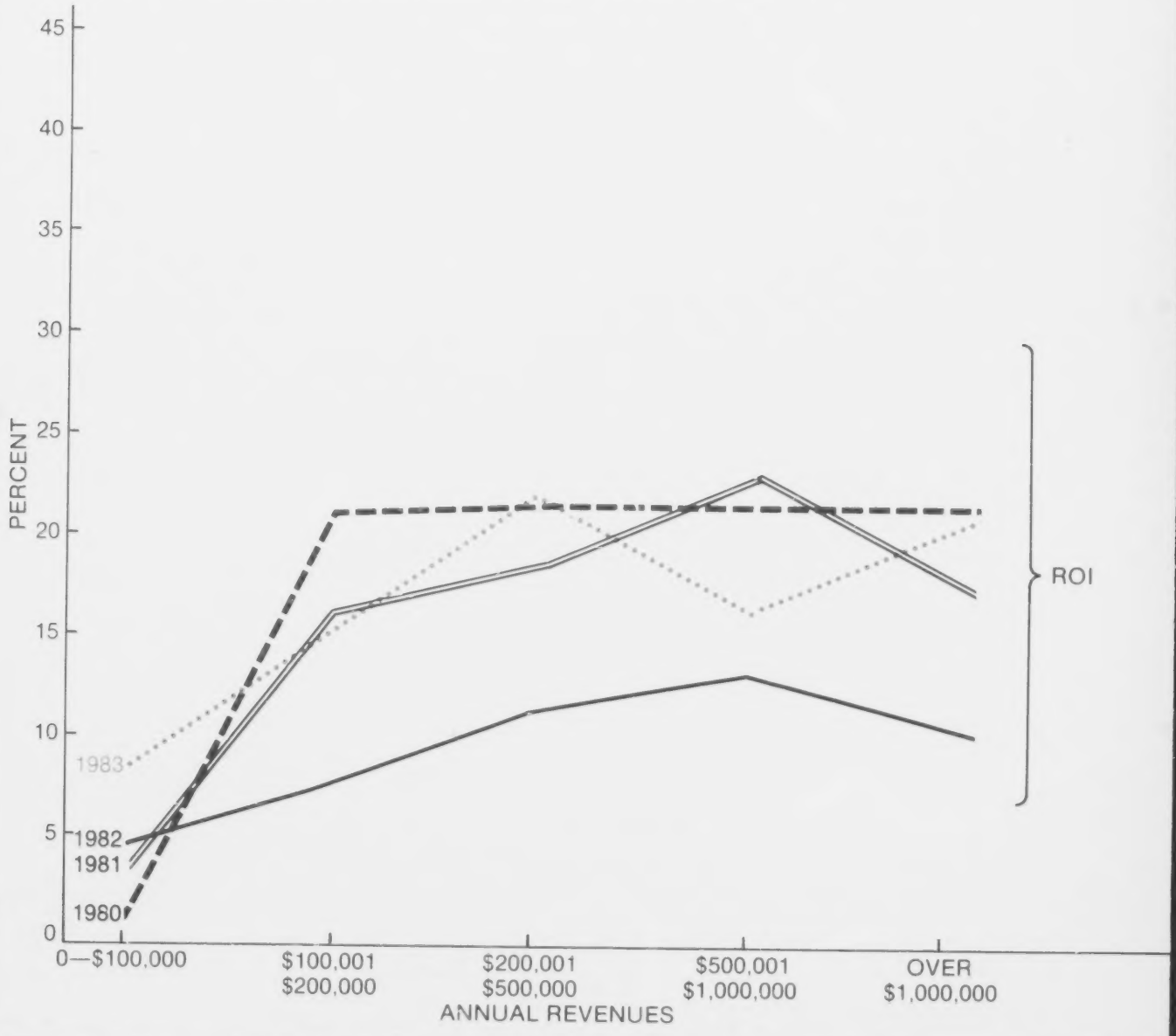

TABLE II-1. INCOME AND EXPENSE BY ANNUAL REVENUE, 1983

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,309,534	81.74	6,033,878	80.49	36,254,647	77.34	43,010,218	72.94	115,170,729	64.82
Merchandise & Equipment Sales	193,113	12.05	1,073,600	14.32	8,042,030	17.16	12,787,589	21.69	52,344,127	29.46
Other Operating Income	99,366	6.20	389,103	5.19	2,580,891	5.51	3,165,623	5.37	10,164,206	5.72
Total Operating Income	1,602,013	100.00	7,496,581	100.00	46,877,568	100.00	58,963,430	100.00	177,679,062	100.00
Less Cost of Sales	173,132	10.81	828,272	11.05	5,486,878	11.70	9,517,596	16.14	41,707,659	23.47
Gross Operating Profit	1,428,881	89.19	6,668,309	88.95	41,390,690	88.30	49,445,834	83.86	135,971,403	76.53
OPERATING EXPENSES:										
Salaries & Wages	380,545	23.75	2,152,576	28.71	13,658,582	29.14	17,961,445	30.46	45,098,944	25.38
Employee Benefits & Taxes	45,251	2.82	302,463	4.03	1,743,324	3.72	2,482,189	4.21	6,073,869	3.42
Equipment Maintenance & Repair	75,474	4.71	451,372	6.02	3,243,791	6.92	3,447,239	5.85	11,558,278	6.51
Shop Supplies & Expense	43,234	2.70	191,481	2.55	1,250,292	2.67	1,407,681	2.39	3,897,475	2.19
Occupancy Cost	123,942	7.74	665,138	8.87	3,384,386	7.22	3,713,439	6.30	7,898,301	4.45
Bad Debts Expense	9,472	0.59	26,548	0.35	142,245	0.30	544,956	0.92	1,586,534	0.89
Office Supplies & Expenses	21,907	1.37	96,524	1.29	585,527	1.25	754,735	1.28	1,948,463	1.10
Associations & Travel Expense	12,484	0.78	67,376	0.90	431,807	0.92	419,887	0.71	1,071,695	0.60
Legal & Accounting	13,898	0.87	72,897	0.97	460,486	0.98	555,326	0.94	1,140,214	0.64
Telephone & Other Communications	34,264	2.14	112,632	1.50	502,218	1.07	607,434	1.03	1,543,131	0.87
Automobile & Truck Expense	38,224	2.39	158,174	2.11	806,508	1.72	997,208	1.69	3,373,888	1.90
Insurance	47,152	2.94	221,839	2.96	1,403,072	2.99	1,575,633	2.67	3,344,952	1.88
Advertising & Promotion	69,017	4.31	254,703	3.40	1,434,514	3.06	1,477,338	2.51	3,237,397	1.82
Other Taxes	14,118	0.88	70,015	0.93	557,012	1.19	751,358	1.27	1,754,248	0.99
Interest	96,959	6.05	374,327	4.99	1,671,003	3.56	1,590,605	2.70	5,772,161	3.25
Franchise Fees	8,573	0.54	77,185	1.03	387,619	0.83	145,902	0.25	270,370	0.15
Depreciation, Non-Rental Equipment	20,988	1.31	171,447	2.29	916,583	1.96	936,879	1.59	3,048,270	1.72
Other Operating Expenses	36,181	2.26	131,268	1.75	738,543	1.58	1,077,181	1.83	4,511,154	2.54
TOTAL OPERATING EXPENSES	1,091,683	68.14	5,597,965	74.67	33,317,512	71.07	40,446,435	68.60	107,129,344	60.29
Operating Profit Before Rental Depr.	337,198	21.05	1,070,344	14.28	8,073,178	17.22	8,999,399	15.26	28,842,059	16.23
Depreciation on Rental Equipment	299,179	18.68	901,748	12.03	5,170,722	11.03	5,789,401	9.82	18,623,036	10.48
OPERATING PROFIT	38,019	2.37	168,596	2.25	2,902,456	6.19	3,209,998	5.44	10,219,023	5.75
Other Income & Expense (Net)	11,474	0.72	98,358	1.31	224,816	0.48	150,854	0.26	1,618,575	0.91
NET INCOME BEFORE INCOME TAXES	49,493	3.09	266,954	3.56	3,127,272	6.67	3,360,852	5.70	11,837,598	6.66
NUMBER OF RESPONDENTS	21		47		142		84		69	

TABLE II-2. BALANCE SHEETS BY ANNUAL REVENUE, 1983

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	72,260	3.91	381,835	6.40	2,821,526	8.24	4,069,283	10.06	9,765,027	7.57
Accounts Receivable (Net)	58,249	3.16	398,599	6.69	2,544,067	7.43	4,657,308	11.51	19,958,256	15.46
Merchandise Inventories	83,888	4.54	598,179	10.03	2,708,766	7.91	3,654,017	9.03	13,921,501	10.79
Marketable Securities	20,000	1.08	82,466	1.38	274,965	0.80	578,553	1.43	885,943	0.69
Prepaid Expenses	7,989	0.43	45,829	0.77	406,404	1.19	491,011	1.21	1,686,495	1.31
Supplies Inventory	4,645	0.25	26,875	0.45	99,354	0.29	57,991	0.14	316,730	0.25
Other Current Assets	19,029	1.03	155,901	2.61	737,753	2.16	1,080,510	2.67	1,494,858	1.16
Total Current Assets	266,060	14.41	1,689,684	28.34	9,592,835	28.02	14,588,673	36.06	48,028,810	37.21
Rental Equipment—Net Book Value	990,330	53.65	2,829,168	47.45	16,557,806	48.37	18,629,812	46.05	57,414,360	44.48
Other Fixed Assets—Net Book Value	519,955	28.17	860,574	14.43	6,623,315	19.35	5,798,160	14.33	19,480,082	15.09
Total Fixed Assets	1,510,285	81.82	3,689,742	61.89	23,181,121	67.72	24,427,972	60.38	76,894,442	59.58
Other Assets	69,502	3.77	582,661	9.77	1,459,074	4.26	1,440,791	3.56	4,142,902	3.21
TOTAL ASSETS	1,845,847	100.00	5,962,087	100.00	34,233,030	100.00	40,457,436	100.00	129,066,154	100.00
CURRENT LIABILITIES:										
Accounts Payable	65,454	3.55	342,575	5.75	1,619,426	4.73	2,102,595	5.20	10,050,354	7.79
Current Notes Payable	270,422	14.65	777,971	13.05	3,376,651	9.86	3,694,833	9.13	13,771,906	10.67
Contracts Payable	781	0.04	43,279	0.73	316,158	0.92	234,691	0.58	3,583,491	2.78
Customers' Rental Deposits	4,941	0.27	12,110	0.20	112,644	0.33	85,533	0.21	413,780	0.32
Accrued Expenses	19,464	1.05	46,826	0.79	476,590	1.39	786,882	1.94	4,346,739	3.37
Taxes Payable	7,916	0.43	68,506	1.15	488,050	1.43	587,159	1.45	2,156,639	1.67
Other Current Liabilities	13,710	0.74	188,660	3.16	381,750	1.12	424,812	1.05	1,300,981	1.01
Total Current Liabilities	382,688	20.73	1,479,927	24.82	6,771,269	19.78	7,916,505	19.57	35,623,890	27.60
Long-Term Debt	735,705	39.86	2,448,953	41.08	12,020,747	35.11	9,161,425	22.64	25,595,826	19.83
Other Liabilities	125,734	6.81	212,748	3.57	1,076,812	3.15	753,293	1.86	3,047,014	2.36
Total Liabilities	1,244,127	67.40	4,141,628	69.47	19,868,828	58.04	17,831,223	44.07	64,266,730	49.79
Net Worth	601,720	32.60	1,820,459	30.53	14,364,202	41.96	22,626,213	55.93	64,799,424	50.21
TOTAL LIABILITIES & NET WORTH	1,845,847	100.00	5,962,087	100.00	34,233,030	100.00	40,457,436	100.00	129,066,154	100.00
NUMBER OF RESPONDENTS	21		47		142		84		69	

TABLE II-3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1980-1983

Financial Ratio	$000—$100,000				$100,001—$200,000				$200,001—$500,000				$500,001—1 Million				Over 1 Million			
	1983	1982	1981	1980	1983	1982	1981	1980	1983	1982	1981	1980	1983	1982	1981	1980	1983	1982	1981	1980
Current Ratio	.70	.98	1.11	.65	1.14	1.02	1.45	1.04	1.42	1.26	1.61	1.29	1.84	1.82	1.55	1.42	1.35	1.39	1.23	1.23
Acid Test Ratio	.39	.41	.74	.41	.58	.60	.86	.59	.83	.72	1.04	.76	1.18	1.09	.92	.91	.86	.74	.70	.67
Return on Investment (expressed	8.2	2.9	2.0	Loss	14.7	7.7	15.0	19.3	21.8	11.3	16.6	19.5	14.9	13.3	21.2	19.4	18.3	10.9	15.0	19.3
Return on Total Assets (in	2.7	0.9	0.5	Loss	4.5	2.2	5.1	7.5	9.1	5.2	7.7	8.4	8.3	7.6	10.0	9.7	9.2	4.8	6.3	7.5
Return on Revenues (percentages)	3.1	1.4	0.5	Loss	3.6	1.7	3.9	6.3	6.7	4.1	5.8	6.4	5.7	5.2	7.0	6.8	6.7	3.4	4.3	5.5
Average Collection Period (Days)	13	20	11	19	19	18	18	18	20	19	22	23	29	24	29	30	41	39	41	42
Profits on Rental Investment (expressed in percent)	5.0	2.2	0.8	Loss	9.4	3.9	9.0	13.4	18.9	10.9	16.0	17.9	18.0	16.3	20.9	20.5	20.6	11.6	14.4	16.6
Total Revenues to Rental Investment	1.6	1.6	1.7	1.4	2.6	2.3	2.3	2.1	2.8	2.7	2.8	2.6	3.2	3.1	3.0	3.0	3.1	3.4	3.4	3.0
Rental Revenues to Rental Investment	1.3	1.3	1.3	1.2	2.1	1.8	1.9	1.7	2.2	2.1	2.2	2.1	2.3	2.3	2.1	2.2	2.0	2.0	1.9	1.7
Rental Revenues to Equipment Cost	.6	.6	.7	NA	.8	.8	.9	NA	.8	.9	.9	NA	.9	.9	.9	NA	.8	.8	.8	NA
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries & Wages	26.6	26.7	27.8	27.8	32.3	29.4	28.7	28.8	33.0	34.6	34.3	34.2	36.3	36.1	33.1	35.0	33.2	35.0	33.6	31.5
Employee Benefits	3.2	3.0	2.6	2.7	4.5	3.8	3.5	3.6	4.2	4.6	4.5	3.9	5.0	5.1	4.4	5.0	4.5	4.7	4.8	4.3
Total	29.8	29.7	30.4	30.5	36.8	33.2	32.2	32.4	37.2	39.2	38.8	38.1	41.3	41.2	37.5	40.0	37.7	39.7	38.4	35.8
Depreciation (All)	22.4	20.8	15.4	16.7	16.1	15.3	15.7	14.9	14.7	14.9	13.6	13.8	13.6	13.8	14.2	14.0	15.9	15.0	15.8	16.0
Occupancy Cost	8.7	11.5	13.4	12.9	10.0	11.0	10.5	8.7	8.2	8.2	7.4	6.9	7.5	7.5	6.6	5.9	5.8	5.5	5.2	4.8
Equipment Maintenance & Repair	5.3	7.0	5.8	7.3	6.8	6.9	6.6	6.6	7.8	7.2	7.6	7.4	7.0	7.8	7.7	7.6	8.5	7.6	8.0	7.9
Interest	6.8	5.8	5.7	8.6	5.6	7.1	6.0	5.0	4.0	4.7	4.3	4.3	3.2	3.8	4.3	3.9	4.2	5.8	6.5	5.6
Advertising & Promotion	4.8	4.0	4.8	4.4	3.8	3.7	4.4	3.5	3.5	3.2	3.3	3.3	3.0	2.9	2.8	2.6	2.4	2.4	2.1	1.9
Insurance	3.3	3.9	3.8	5.0	3.3	4.0	4.4	4.8	3.4	3.9	4.2	4.6	3.2	3.6	3.5	3.9	2.5	2.9	3.1	3.2
Shop Supplies & Expense	3.0	2.1	5.6	4.9	2.9	3.5	3.7	4.2	1.4	3.0	3.6	3.4	2.8	3.9	4.1	3.3	2.9	4.3	4.7	5.0
OPERATING PROFIT	2.7	1.8	1.0	Loss	2.5	0.9	3.1	7.1	7.0	3.9	5.9	6.7	6.5	4.7	7.4	6.9	7.5	3.8	4.8	7.0
NUMBER OF RESPONDENTS	21	26	20	22	47	62	53	58	142	137	131	141	84	88	63	62	69	68	62	74

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

The table below compares key financial ratios for firms deriving most of their revenues from rentals vs. those recording significant sales.

Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present similar data by size of firm in these two groups.

Financial Ratio	Over 70 Percent From Rentals				69 Percent Or Less Revenue From Rentals			
	1983	1982	1981	1980	1983	1982	1981	1980
Current Ratio	1.5	1.3	1.3	1.2	1.3	1.5	1.4	1.3
Acid Test Ratio	1.08	.90	.90	.88	.64	.66	.67	.57
Return on Investment	18.4%	12.6%	17.7%	21.3%	16.0%	9.1%	13.8%	14.4%
Return on Total Assets	10.0%	6.3%	8.8%	10.6%	6.1%	3.8%	4.7%	4.2%
Return on Revenues	7.8%	5.0%	6.8%	8.3%	3.7%	2.4%	2.9%	2.9%
Average Collection Period (Days)	33	27	29	29	38	38	41	46
Profits on Rental Investment	20.0%	12.4%	16.6%	19.7%	17.0%	11.2%	13.3%	11.4%
Total Revenues to Rental Investment (Times)	2.6	2.5	2.4	2.4	4.6	4.6	4.5	3.9
Rental Revenues to Rental Investment (Times)	2.1	2.1	2.0	2.0	2.0	1.9	1.8	1.5
Rental Revenues to Equipment Cost (Times)	.83	.87	.89	.92	.82	.80	.85	.73
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	33.0	34.0	31.9	32.1	35.7	36.4	35.9	33.1
Employee Benefits	4.5	4.9	4.5	4.2	4.6	4.6	4.8	4.4
Total	37.5	38.9	36.4	36.3	40.3	41.0	40.7	37.5
Depreciation (All)	16.0	15.2	15.9	15.3	13.4	13.8	13.8	15.2
Occupancy Cost	7.0	7.0	6.9	6.1	6.1	6.0	4.8	4.4
Equipment Maintenance & Repair	8.5	8.3	7.9	8.4	6.8	6.1	7.6	6.5
Interest	3.6	4.7	4.7	3.8	5.2	6.2	7.2	7.5
Advertising & Promotion	2.7	2.8	2.8	2.4	2.8	2.6	2.3	2.3
Insurance	3.0	3.4	3.6	4.1	2.4	3.1	3.1	2.7
Shop Supplies & Expense	2.7	3.5	4.6	4.3	3.5	4.7	3.9	4.6
OPERATING PROFIT	7.9	4.5	6.7	8.6	4.8	3.0	3.4	3.7
NUMBER OF RESPONDENTS	270	271	237	274	93	110	92	83

TABLE III—1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1983

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
Rental Income	156,538,730	82.88	45,240,276	43.61
Merchandise & Equipment Sales	23,564,417	12.48	50,876,042	49.04
Other Operating Income	8,779,748	4.65	7,619,441	7.35
Total Operating Income	188,882,895	100.00	103,735,759	100.00
Less Cost of Sales	18,108,991	9.59	39,604,546	38.18
Gross Operating Profit	170,773,904	90.41	64,131,213	61.82
OPERATING EXPENSES:				
Salaries & Wages	56,326,610	29.82	22,925,482	22.10
Employee Benefits & Taxes	7,711,646	4.08	2,935,450	2.83
Equipment Maintenance & Repair	14,434,104	7.64	4,342,050	4.19
Shop Supplies & Expense	4,570,040	2.42	2,220,123	2.14
Occupancy Cost	11,891,465	6.30	3,893,741	3.75
Bad Debts Expense	1,561,394	0.83	748,361	0.72
Office Supplies & Expenses	2,310,591	1.22	1,096,565	1.06
Associations & Travel Expense	1,244,768	0.66	758,481	0.73
Legal & Accounting	1,628,813	0.86	614,008	0.59
Telephone & Other Communications	1,841,430	0.97	958,249	0.92
Automobile & Truck Expense	3,640,716	1.93	1,733,286	1.67
Insurance	5,054,171	2.68	1,538,477	1.48
Advertising & Promotion	4,677,886	2.48	1,795,083	1.73
Other Taxes	2,241,469	1.19	905,282	0.87
Interest	6,163,391	3.26	3,341,664	3.22
Franchise Fees	798,775	0.42	90,874	0.09
Depreciation, Non-Rental Equipment	3,778,836	2.00	1,315,331	1.27
Other Operating Expenses	3,917,419	2.07	2,576,908	2.48
TOTAL OPERATING EXPENSES	133,793,524	70.83	53,789,415	51.85
Operating Profit Before Rental Depr.	36,980,380	19.58	10,341,798	9.97
Depreciation on Rental Equipment	23,509,534	12.45	7,274,552	7.01
OPERATING PROFIT	13,470,846	7.13	3,067,246	2.96
Other Income & Expense (Net)	1,313,864	0.70	790,213	0.76
NET INCOME BEFORE INCOME TAXES	14,784,710	7.83	3,857,459	3.72
NUMBER OF RESPONDENTS	270		93	

TABLE III—2. BALANCE SHEETS BY SOURCE OF REVENUE, 1983

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	14,024,163	9.46	3,085,768	4.88
Accounts Receivable (Net)	16,833,846	11.35	10,782,633	17.05
Merchandise Inventories	7,017,686	4.73	13,948,665	22.05
Marketable Securities	1,681,361	1.13	160,566	0.25
Prepaid Expenses	1,965,454	1.33	672,274	1.06
Supplies Inventory	406,914	0.27	98,681	0.16
Other Current Assets	2,742,834	1.85	745,217	1.18
Total Current Assets	44,672,258	30.12	29,493,804	46.63
Rental Equipment—Net Book Value	73,739,547	49.72	22,681,929	35.86
Other Fixed Assets—Net Book Value	23,593,820	15.91	9,688,266	15.32
Total Fixed Assets	97,333,367	65.62	32,370,195	51.18
Other Assets	6,313,286	4.26	1,381,644	2.18
TOTAL ASSETS	148,318,911	100.00	63,245,643	100.00
CURRENT LIABILITIES:				
Accounts Payable	8,083,896	5.45	6,096,508	9.64
Current Notes Payable	13,331,798	8.99	8,559,985	13.53
Contracts Payable	872,141	0.59	3,306,259	5.23
Customers' Rental Deposits	499,331	0.34	129,677	0.21
Accrued Expenses	3,792,758	2.56	1,883,743	2.98
Taxes Payable	2,109,122	1.42	1,199,148	1.90
Other Current Liabilities	1,535,413	1.04	774,500	1.22
Total Current Liabilities	30,224,459	20.38	21,949,820	34.71
Long-Term Debt	35,088,326	23.66	14,874,330	23.52
Other Liabilities	2,975,289	2.01	2,240,312	3.54
Total Liabilities	68,288,074	46.04	39,064,462	61.77
Net Worth	80,030,837	53.96	24,181,181	38.23
TOTAL LIABILITIES & NET WORTH	148,318,911	100.00	63,245,643	100.00
NUMBER OF RESPONDENTS	270		93	

TABLE III-3. INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTAL, 1983

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	1,112,347	89.92	5,444,301	83.83	29,367,023	82.91	33,510,401	81.39	87,104,658	83.31
Merchandise & Equipment Sales	74,183	6.00	720,166	11.09	4,250,999	12.00	5,635,701	13.69	12,883,368	12.32
Other Operating Income	50,495	4.08	329,770	5.08	1,803,602	5.09	2,024,885	4.92	4,570,996	4.37
Total Operating Income	1,237,025	100.00	6,494,237	100.00	35,421,624	100.00	41,170,987	100.00	104,559,022	100.00
Less Cost of Sales	82,316	6.65	531,416	8.18	2,767,516	7.81	4,161,469	10.11	10,566,274	10.11
Gross Operating Profit	1,154,709	93.35	5,962,821	91.82	32,654,108	92.19	37,009,518	89.89	93,992,748	89.89
OPERATING EXPENSES:										
Salaries & Wages	299,594	24.22	1,928,286	29.69	10,745,130	30.33	13,252,387	32.19	30,101,213	28.79
Employee Benefits & Taxes	44,458	3.59	262,727	4.05	1,347,005	3.80	1,830,515	4.45	4,226,941	4.04
Equipment Maintenance & Repair	63,181	5.11	406,075	6.25	2,535,981	7.16	2,649,072	6.43	8,779,795	8.40
Shop Supplies & Expense	27,015	2.18	173,099	2.67	986,564	2.79	1,134,132	2.75	2,249,230	2.15
Occupancy Cost	104,997	8.49	607,397	9.35	2,652,678	7.49	2,755,865	6.69	5,770,528	5.52
Bad Debts Expense	8,372	0.68	25,234	0.39	121,075	0.34	379,092	0.92	1,027,621	0.98
Office Supplies & Expenses	20,441	1.65	84,329	1.30	453,597	1.28	535,501	1.30	1,216,723	1.16
Associations & Travel Expense	10,505	0.85	63,735	0.98	320,217	0.90	294,880	0.72	555,431	0.53
Legal & Accounting	11,203	0.91	65,853	1.01	371,614	1.05	441,186	1.07	738,957	0.71
Telephone & Other Communications	30,370	2.46	101,019	1.56	368,609	1.04	436,231	1.06	905,201	0.87
Automobile & Truck Expense	33,934	2.74	148,339	2.28	632,008	1.78	701,768	1.70	2,124,667	2.03
Insurance	38,062	3.08	201,511	3.10	1,114,528	3.15	1,221,468	2.97	2,478,602	2.37
Advertising & Promotion	57,648	4.66	231,603	3.57	1,080,921	3.05	1,102,305	2.68	2,205,409	2.11
Other Taxes	7,725	0.62	53,537	0.82	461,854	1.30	580,755	1.41	1,137,598	1.09
Interest	88,592	7.16	332,970	5.13	1,316,206	3.72	1,025,246	2.49	3,400,377	3.25
Franchise Fees	8,573	0.69	77,185	1.19	381,262	1.08	125,242	0.30	206,513	0.20
Depreciation, Non-Rental Equipment	12,441	1.01	164,761	2.54	680,310	1.92	740,414	1.80	2,180,910	2.09
Other Operating Expenses	32,830	2.65	110,612	1.70	634,071	1.79	701,955	1.70	2,437,951	2.33
TOTAL OPERATING EXPENSES	899,941	72.75	5,038,272	77.58	26,203,630	73.98	29,908,014	72.64	71,743,667	68.62
Operating Profit Before Rental Depr.	254,768	20.60	924,549	14.24	6,450,478	18.21	7,101,504	17.25	22,249,081	21.28
Depreciation on Rental Equipment	253,189	20.47	785,594	12.10	4,134,906	11.67	4,433,583	10.77	13,902,262	13.30
Operating Profit	1,579	0.13	138,955	2.14	2,315,572	6.54	2,667,921	6.48	8,346,819	7.98
Other Income & Expense (Net)	2,295	0.19	88,418	1.36	101,407	0.29	91,265	0.22	1,030,479	0.99
NET INCOME BEFORE INCOME TAXES	3,874	0.31	227,373	3.50	2,416,979	6.82	2,759,186	6.70	9,377,298	8.97
NUMBER OF RESPONDENTS	16		40		107		60		47	

TABLE III-4. BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1983

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	52,657	4.04	326,519	6.72	2,247,337	8.77	3,190,791	10.57	8,206,859	9.50
Accounts Receivable (Net)	55,221	4.24	280,184	5.77	1,995,810	7.79	3,187,670	10.56	11,314,961	13.10
Merchandise Inventories	40,768	3.13	382,203	7.86	1,545,640	6.03	1,880,674	6.23	3,168,401	3.67
Marketable Securities	20,000	1.54	82,466	1.70	220,009	0.86	529,416	1.75	829,470	0.96
Prepaid Expenses	7,109	0.55	38,476	0.79	350,985	1.37	400,827	1.33	1,168,057	1.35
Supplies Inventory	3,645	0.28	24,036	0.49	55,422	0.22	14,711	0.05	309,100	0.36
Other Current Assets	15,956	1.23	93,094	1.92	596,454	2.33	843,047	2.79	1,194,283	1.38
Total Current Assets	195,356	15.00	1,226,978	25.25	7,011,657	27.36	10,047,136	33.29	26,191,131	30.33
Rental Equipment—Net Book Value	792,529	60.86	2,248,782	46.27	13,193,043	51.47	14,688,058	48.67	42,817,135	49.59
Other Fixed Assets—Net Book Value	248,925	19.12	804,141	16.55	4,301,991	16.78	4,182,230	13.86	14,056,533	16.28
Total Fixed Assets	1,041,454	79.98	3,052,923	62.82	17,495,034	68.26	18,870,288	62.52	56,873,668	65.87
Other Assets	65,403	5.02	579,737	11.93	1,123,636	4.38	1,263,379	4.19	3,281,131	3.80
TOTAL ASSETS	1,302,213	100.00	4,859,638	100.00	25,630,327	100.00	30,180,803	100.00	86,345,930	100.00
CURRENT LIABILITIES:										
Accounts Payable	59,702	4.58	251,180	5.17	1,022,180	3.99	1,101,717	3.65	5,649,117	6.54
Current Notes Payable	235,176	18.06	508,443	10.46	2,640,279	10.30	2,260,056	7.49	7,687,844	8.90
Contracts Payable	781	0.06	43,279	0.89	245,890	0.96	72,408	0.24	509,783	0.59
Customers' Rental Deposits	4,819	0.37	11,533	0.24	86,069	0.34	68,778	0.23	328,132	0.38
Accrued Expenses	17,609	1.35	46,826	0.96	340,947	1.33	646,996	2.14	2,740,380	3.17
Taxes Payable	7,916	0.61	56,619	1.17	386,480	1.51	447,298	1.48	1,210,809	1.40
Other Current Liabilities	13,710	1.05	188,660	3.88	340,157	1.33	285,477	0.95	707,409	0.82
Total Current Liabilities	339,713	26.09	1,106,540	22.77	5,062,002	19.75	4,882,730	16.18	18,833,474	21.81
Long-Term Debt	634,328	48.71	2,154,085	44.33	8,465,621	33.03	6,319,210	20.94	17,515,082	20.28
Other Liabilities	8,406	0.65	187,734	3.86	645,929	2.52	552,422	1.83	1,580,798	1.83
Total Liabilities	982,447	75.44	3,448,359	70.96	14,173,552	55.30	11,754,362	38.95	37,929,354	43.93
Net Worth	319,766	24.56	1,411,279	29.04	11,456,775	44.70	18,426,441	61.05	48,416,576	56.07
TOTAL LIABILITIES & NET WORTH	1,302,213	100.00	4,859,638	100.00	25,630,327	100.00	30,180,803	100.00	86,345,930	100.00
NUMBER OF RESPONDENTS	16		40		107		60		47	

TABLE III-5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1983

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	197,187	54.03	589,577	58.82	6,887,624	60.12	9,499,817	53.39	28,066,071	38.38
Merchandise & Equipment Sales	118,930	32.58	353,434	35.26	3,791,031	33.09	7,151,888	40.20	39,460,759	53.97
Other Operating Income	48,871	13.39	59,333	5.92	777,289	6.79	1,140,738	6.41	5,593,210	7.65
Total Operating Income	364,988	100.00	1,002,344	100.00	11,455,944	100.00	17,792,443	100.00	73,120,040	100.00
Less Cost of Sales	90,816	24.88	296,856	29.62	2,719,362	23.74	5,356,127	30.10	31,141,385	42.59
Gross Operating Profit	274,172	75.12	705,488	70.38	8,736,582	76.26	12,436,316	69.90	41,978,655	57.41
OPERATING EXPENSES:										
Salaries & Wages	80,951	22.18	224,290	22.38	2,913,452	25.43	4,709,058	26.47	14,997,731	20.51
Employee Benefits & Taxes	793	0.22	39,736	3.96	396,319	3.46	651,674	3.66	1,846,928	2.53
Equipment Maintenance & Repair	12,293	3.37	45,297	4.52	707,810	6.18	798,167	4.49	2,778,483	3.80
Shop Supplies & Expense	16,219	4.44	18,382	1.83	263,728	2.30	273,549	1.54	1,648,245	2.25
Occupancy Cost	18,945	5.19	57,741	5.76	731,708	6.39	957,574	5.38	2,127,773	2.91
Bad Debts Expense	1,100	0.30	1,314	0.13	21,170	0.18	165,864	0.93	558,913	0.76
Office Supplies & Expenses	1,466	0.40	12,195	1.22	131,930	1.15	219,234	1.23	731,740	1.00
Associations & Travel Expense	1,979	0.54	3,641	0.36	111,590	0.97	125,007	0.70	516,264	0.71
Legal & Accounting	2,695	0.74	7,044	0.70	88,872	0.78	114,140	0.64	401,257	0.55
Telephone & Other Communications	3,894	1.07	11,613	1.16	133,609	1.17	171,203	0.96	637,930	0.87
Automobile & Truck Expense	4,290	1.18	9,835	0.98	174,500	1.52	295,440	1.66	1,249,221	1.71
Insurance	9,090	2.49	20,328	2.03	288,544	2.52	354,165	1.99	866,350	1.18
Advertising & Promotion	11,369	3.11	23,100	2.30	353,593	3.09	375,033	2.11	1,031,988	1.41
Other Taxes	6,393	1.75	16,473	1.64	95,158	0.83	170,603	0.96	616,650	0.84
Interest	8,367	2.29	41,357	4.13	354,797	3.10	565,359	3.18	2,371,784	3.24
Franchise Fees	0	0.00	0	0.00	6,357	0.06	20,660	0.12	63,857	0.09
Depreciation, Non-Rental Equipment	8,547	2.34	6,686	0.67	236,273	2.06	196,465	1.10	867,360	1.19
Other Operating Expenses	3,351	0.92	20,656	2.06	104,472	0.91	375,226	2.11	2,073,203	2.84
TOTAL OPERATING EXPENSES	191,742	52.53	559,693	55.84	7,113,882	62.10	10,538,421	59.23	35,385,677	48.39
Operating Profit Before Rental Depr.	82,430	22.58	145,795	14.55	1,622,700	14.16	1,897,895	10.67	6,592,978	9.02
Depreciation on Rental Equipment	45,990	12.60	116,154	11.59	1,035,816	9.04	1,355,818	7.62	4,720,774	6.46
OPERATING PROFIT	36,440	9.98	29,641	2.96	586,884	5.12	542,077	3.05	1,872,204	2.56
Other Income & Expense (Net)	9,179	2.51	9,940	0.99	123,409	1.08	59,589	0.33	588,096	0.80
NET INCOME BEFORE INCOME TAXES	45,619	12.50	39,581	3.95	710,293	6.20	601,666	3.38	2,460,300	3.36
NUMBER OF RESPONDENTS	5		7		35		24		22	

TABLE III-6. BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1983

	$000—$100,000		$100,001—$200,000		$200,001—$500,000		$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	19,603	3.61	55,316	5.02	574,189	6.67	878,492	8.55	1,558,168	3.65
Accounts Receivable (Net)	3,028	0.56	118,415	10.74	548,257	6.37	1,469,638	14.30	8,643,295	20.23
Merchandise Inventories	43,120	7.93	215,976	19.59	1,163,126	13.52	1,773,343	17.26	10,753,100	25.17
Marketable Securities	0	0.00	0	0.00	54,956	0.64	49,137	0.48	56,473	0.13
Prepaid Expenses	860	0.16	7,353	0.67	55,419	0.64	90,184	0.88	518,438	1.21
Supplies Inventory	1,000	0.18	2,839	0.26	43,932	0.51	43,280	0.42	7,630	0.02
Other Current Assets	3,073	0.57	62,807	5.70	141,299	1.64	237,463	2.31	300,575	0.70
Total Current Assets	70,704	13.01	462,706	41.97	2,581,178	30.00	4,541,537	44.19	21,837,679	51.12
Rental Equipment—Net Book Value	197,801	36.38	580,386	52.65	3,364,763	39.11	3,941,754	38.36	14,597,225	34.17
Other Fixed Assets—Net Book Value	271,030	49.86	56,433	5.12	2,321,324	26.98	1,615,930	15.72	5,423,549	12.70
Total Fixed Assets	468,831	86.24	636,819	57.76	5,686,087	66.10	5,557,684	54.08	20,020,774	46.86
Other Assets	4,099	0.75	2,924	0.27	335,438	3.90	177,412	1.73	861,771	2.02
TOTAL ASSETS	543,634	100.00	1,102,449	100.00	8,602,703	100.00	10,276,633	100.00	42,720,224	100.00
CURRENT LIABILITIES:										
Accounts Payable	5,752	1.06	91,395	8.29	597,246	6.94	1,000,878	9.74	4,401,237	10.30
Current Notes Payable	35,246	6.48	269,528	24.45	736,372	8.56	1,434,777	13.96	6,084,062	14.24
Contracts Payable	0	0.00	0	0.00	70,268	0.82	162,283	1.58	3,073,708	7.19
Customers' Rental Deposits	122	0.02	577	0.05	26,575	0.31	16,755	0.16	85,648	0.20
Accrued Expenses	1,855	0.34	0	0.00	135,643	1.58	139,886	1.36	1,606,359	3.76
Taxes Payable	0	0.00	11,887	1.08	101,570	1.18	139,861	1.36	945,830	2.21
Other Current Liabilities	0	0.00	0	0.00	41,593	0.48	139,335	1.36	593,572	1.39
Total Current Liabilities	42,975	7.91	373,387	33.87	1,709,267	19.87	3,033,775	29.52	16,790,416	39.30
Long-Term Debt	101,377	18.65	294,868	26.75	3,555,126	41.33	2,842,215	27.66	8,080,744	18.92
Other Liabilities	117,328	21.58	25,014	2.27	430,883	5.01	200,871	1.95	1,466,216	3.43
Total Liabilities	261,680	48.14	693,269	62.88	5,695,276	66.20	6,076,861	59.13	26,337,376	61.65
Net Worth	281,954	51.86	409,180	37.12	2,907,427	33.80	4,199,772	40.87	16,382,848	38.35
TOTAL LIABILITIES & NET WORTH	543,634	100.00	1,102,449	100.00	8,602,703	100.00	10,276,633	100.00	42,720,224	100.00
NUMBER OF RESPONDENTS	5		7		35		24		22	

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Description of Three Categories

Responding firms were placed into one of three major rental categories:

1. Construction and Industrial—Air compressors/air tools; asphalt/bituminous equipment; compaction, concrete equipment, conveyors; cranes; generators/alternators; engines, pumps/hoses; sand blasting/steam cleaners; scaffolding/shoring equipment; tractors/earth moving equipment; welders; barricades.

2. General Rental—Small hand/electric tools; gasoline powered tools; homeowner equipment; household equipment; small air compressors/air tools; utility trailers/hook-up equipment; baby equipment; rollaway beds; reducing equipment; camping equipment; audio-visual equipment; TV sets; local/one way system trucks; sports and recreational equipment; automotive; plumbing, painting, electrical tools; lawn/garden equipment; material handling equipment.

3. Medical-Party, Audio-Visual, and Others—Party equipment including tables, chairs, silver, glasses, linens; bars, rotisseries; disposables; medical equipment including wheelchairs, hospital beds, whirlpools, commodes, convalescent and sickroom equipment; mobile equipment; and specialty equipment including furniture and office equipment, convention and exhibition equipment, audio-visual equipment, costume rentals, television sets, clothes washers/dryers, refrigerators, cameras.

Construction and Industrial Equipment

Return on investment for these firms was 16.2 percent in 1983, up from 11.7 percent in 1982, but still below the returns for 1980 and 1981 of 19.6 percent and 17.5 percent respectively. However, returns on total assets and revenues in 1983 exceeded all previous three years.

Average income before taxes of the 134 firms in this category rose to $79,500 in 1983 from $47,000 in 1982. The 1983 average was the highest since 1979.

A comparison with the previous year of major expenses as a percentage of gross operating profit shows that labor costs (including benefits) declined 1.6 percent, interest declined 1.2 percent and shop supplies and expense declined 1.6 percent. Depreciation rose one percent.

Net worth for the respondents had risen to 49.6 percent of total assets for 1983 compared to 44.7 percent in 1982 and 41.9 percent in 1981. There was an offsetting reduction in long-term debt from 26.6 percent of total assets in 1982 to 22.5 percent in 1983. Cash and accounts receivable percentages rose in 1983 vs. 1982, but merchandise inventories declined. The average collection period of accounts receivable rose to 42 days in 1983 compared to 37 days in 1982.

General Rental

Return on investment increased 97 percent in 1983 from a return of 9.7 percent in 1982 to 19.1 percent in 1983. This is the best ROI since 1979 for the general rental category. Returns on total assets and revenues also exceeded all previous three years.

Average net income before taxes for the 204 respondents rose to $31,700 in 1983 from $14,400 in 1982, more than double the previous year. Operating profit as a percentage of gross operating profit was 6.8 percent in 1983 compared to 2.9 percent in 1982. The major contributors to this large increase were reductions in labor costs, interest and insurance expenses.

The ratio of rental revenues to the cost of equipment rented rose to .94 in 1983 compared to .87 in 1982.

Long-term debt as a percentage of total assets remained constant from 1982 to 1983 at 27.4 percent. The net worth percentage dropped slightly from 49.3 percent in 1982 to 48.1 percent in 1983.

Medical-Party and Audio-Visual

The number of respondents in this category dropped from 33 in 1982 to 25 in 1983. The return on investment for these firms was 31.8 percent in 1983, the highest since 1979. The same picture was true for returns on total assets and revenues, the highest among all categories of respondents.

This category is the first since 1981 to achieve a ratio of rental revenues to original cost of equipment in excess of one. This ratio was 1.11 in 1983. 1981 was the first year this ratio was presented in the survey results.

Average income more than doubled in 1983 vs. 1982. The average was $61,200 for 1983 compared to $29,000 in 1982. All major expenses except depreciation showed a reduction in 1983 vs. 1982.

Long-term debt dropped to 10.7 percent of total assets in 1983 from 21.2 percent in 1982, offset however by an increase in current liabilities from 22.5 percent in 1982 to 32.7 percent in 1983. The percentage of net worth to total assets remained almost constant.

Tables IV-1 and IV-2 contain income and expense statements and balance sheets for firms in the three categories. Table IV-3 includes key financial ratios.

TABLE IV—1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1983

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
Rental Income	113,777,472	65.16	76,420,672	76.54	11,580,862	63.78	
Merchandise & Equipment Sales	50,438,077	28.88	18,664,074	18.69	5,338,308	29.40	
Other Operating Income	10,403,597	5.96	4,758,367	4.77	1,237,225	6.81	
Total Operating Income	174,619,146	100.00	99,843,113	100.00	18,156,395	100.00	
Less Cost of Sales	40,724,933	23.32	12,968,048	12.99	4,020,556	22.14	
Gross Operating Profit	133,894,213	76.68	86,875,065	87.01	14,135,839	77.86	
OPERATING EXPENSES:							
Salaries & Wages	44,439,122	25.45	29,673,045	29.72	5,139,925	28.31	
Employee Benefits & Taxes	6,030,968	3.45	4,001,515	4.01	614,613	3.39	
Equipment Maintenance & Repair	11,478,566	6.57	6,734,411	6.74	563,177	3.10	
Shop Supplies & Expense	3,583,255	2.05	2,928,841	2.93	278,067	1.53	
Occupancy Cost	7,401,832	4.24	7,253,132	7.26	1,130,242	6.23	
Bad Debts Expense	1,689,717	0.97	581,780	0.58	38,258	0.21	
Office Supplies & Expenses	1,865,881	1.07	1,239,592	1.24	301,683	1.66	
Associations & Travel Expense	1,115,200	0.64	721,742	0.72	166,307	0.92	
Legal & Accounting	1,264,939	0.72	883,756	0.89	94,126	0.52	
Telephone & Other Communications	1,524,528	0.87	1,040,782	1.04	234,369	1.29	
Automobile & Truck Expense	3,200,693	1.83	1,764,963	1.77	408,346	2.25	
Insurance	3,680,646	2.11	2,570,239	2.57	341,763	1.88	
Advertising & Promotion	2,924,032	1.67	3,021,083	3.03	527,854	2.91	
Other Taxes	1,817,329	1.04	1,191,261	1.19	138,161	0.76	
Interest	6,069,639	3.48	3,075,365	3.08	360,051	1.98	
Franchise Fees	273,475	0.16	588,578	0.59	27,596	0.15	
Depreciation, Non-Rental Equipment	2,825,929	1.62	1,953,504	1.96	314,734	1.73	
Other Operating Expenses	4,392,426	2.52	1,684,835	1.69	417,066	2.30	
TOTAL OPERATING EXPENSES	105,578,177	60.46	70,908,424	71.02	11,096,338	61.12	
Operating Profit Before Rental Depr.	28,316,036	16.22	15,966,641	15.99	3,039,501	16.74	
Depreciation on Rental Equipment	19,180,791	10.98	10,031,761	10.05	1,571,534	8.66	
OPERATING PROFIT	9,135,245	5.23	5,934,880	5.94	1,467,967	8.09	
Other Income & Expense (Net)	1,512,780	0.87	528,532	0.53	62,765	0.35	
NET INCOME BEFORE INCOME TAXES	10,648,025	6.10	6,463,412	6.47	1,530,732	8.43	
NUMBER OF RESPONDENTS	134		204		25		

TABLE IV-2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1983

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Figures Here
CURRENT ASSETS:							
Cash	9,840,783	7.44	6,651,092	9.44	618,056	6.93	_____
Accounts Receivable (Net)	20,180,605	15.27	6,364,226	9.03	1,071,648	12.02	_____
Merchandise Inventories	13,207,052	9.99	6,115,413	8.68	1,643,886	18.44	_____
Marketable Securities	1,072,187	0.81	685,441	0.97	84,299	0.95	_____
Prepaid Expenses	1,747,112	1.32	818,706	1.16	71,910	0.81	_____
Supplies Inventory	296,607	0.22	102,444	0.15	106,544	1.20	_____
Other Current Assets	1,917,456	1.45	1,472,380	2.09	98,215	1.10	_____
Total Current Assets	48,261,802	36.51	22,209,702	31.53	3,694,558	41.44	_____
Rental Equipment—Net Book Value	60,408,208	45.69	32,254,600	45.79	3,758,668	42.16	_____
Other Fixed Assets—Net Book Value	19,334,522	14.63	12,932,379	18.36	1,015,185	11.39	_____
Total Fixed Assets	79,742,730	60.32	45,186,979	64.14	4,773,853	53.55	_____
Other Assets	4,197,187	3.17	3,051,275	4.33	446,468	5.01	_____
TOTAL ASSETS	132,201,719	100.00	70,447,956	100.00	8,914,879	100.00	_____
CURRENT LIABILITIES:							
Accounts Payable	9,119,892	6.90	4,246,342	6.03	814,170	9.13	_____
Current Notes Payable	14,287,387	10.81	6,208,296	8.81	1,396,100	15.66	_____
Contracts Payable	3,357,257	2.54	594,783	0.84	226,360	2.54	_____
Customers' Rental Deposits	420,889	0.32	180,169	0.26	27,950	0.31	_____
Accrued Expenses	3,783,359	2.86	1,683,339	2.39	209,803	2.35	_____
Taxes Payable	2,079,912	1.57	1,106,240	1.57	122,118	1.37	_____
Other Current Liabilities	1,435,155	1.09	755,039	1.07	119,719	1.34	_____
Total Current Liabilities	34,483,851	26.08	14,774,208	20.97	2,916,220	32.71	_____
Long-Term Debt	29,674,843	22.45	19,336,185	27.45	951,628	10.67	_____
Other Liabilities	2,507,093	1.90	2,473,413	3.52	230,095	2.58	_____
Total Liabilities	66,665,787	50.43	36,588,806	51.94	4,097,943	45.97	_____
Net Worth	65,535,932	49.57	33,859,150	48.06	4,816,936	54.03	_____
TOTAL LIABILITIES & NET WORTH	132,201,719	100.00	70,447,956	100.00	8,914,879	100.00	_____
NUMBER OF RESPONDENTS	134		204		25		

TABLE IV—3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1980-1983

Financial Ratio	Construction & Industrial				General Rentals				Medical-Party Audio-Visual, Etc.			
	1983	1982	1981	1980	1983	1982	1981	1980	1983	1982	1981	1980
Current Ratio	1.40	1.39	1.25	1.24	1.50	1.45	1.65	1.24	1.27	1.73	1.58	1.51
Acid Test Ratio	.90	.76	.71	.70	.93	.81	1.04	.74	.61	.94	1.00	.75
Return on Investment	16.2%	11.7%	17.5%	19.6%	19.1%	9.7%	13.6%	15.2%	31.8%	17.1%	17.1%	29.8%
Return on Total Assets	8.1%	5.2%	7.3%	7.8%	9.2%	4.8%	6.2%	6.9%	17.2%	9.4%	8.5%	12.6%
Return on Revenues	6.1%	3.9%	5.3%	5.9%	6.5%	3.4%	4.3%	5.0%	8.4%	5.8%	4.9%	7.0%
Average Collection Period (Days)	42	37	40	41	23	21	23	21	22	17	19	21
Profits on Rental Investment	17.6%	12.2%	16.6%	17.2%	20.0%	9.9%	12.6%	13.3%	40.7%	24.5%	16.6%	26.8%
Total Revenues to Rental Investment	2.9	3.2	3.2	2.9	3.1	2.9	2.9	2.7	4.8	4.2	3.4	3.8
Rental Revenues to Rental Investment	1.9	2.0	1.8	1.7	2.4	2.1	2.3	2.1	3.1	2.8	2.8	2.8
Rental Revenues to Equipment Cost	.76	.82	.82	NA	.94	.87	.99	NA	1.11	.99	.91	NA
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	33.2	34.5	33.5	31.7	34.2	35.3	32.8	34.1	36.4	37.0	35.5	35.3
Employee Benefits	4.5	4.8	4.8	4.4	4.6	4.6	4.2	4.3	4.3	5.4	4.2	3.7
Total	37.7	39.3	38.3	36.1	38.8	39.9	37.0	38.4	40.7	42.4	39.7	39.0
Depreciation (All)	16.4	15.4	15.6	15.7	13.8	13.9	14.1	14.1	13.3	11.8	13.3	13.7
Occupancy Cost	5.5	5.6	4.9	4.9	8.3	8.3	8.4	7.0	8.0	9.7	8.3	7.5
Equipment Maintenance & Repair	8.6	7.8	7.6	8.0	7.8	7.6	8.7	7.6	4.0	4.9	5.5	5.1
Interest	4.5	5.7	6.4	5.5	3.5	4.5	4.4	4.2	2.5	3.3	3.5	3.5
Advertising & Promotion	2.2	2.3	2.2	2.0	3.5	3.2	3.1	3.0	3.7	4.3	4.3	3.9
Insurance	2.7	3.1	3.1	3.3	3.0	3.9	4.1	4.5	2.4	2.9	4.2	3.9
Shop Supplies & Expense	2.7	4.3	4.1	4.7	3.4	3.4	5.0	4.1	2.0	2.0	3.4	2.8
OPERATING PROFIT	6.8	4.2	6.1	7.2	6.8	2.9	4.0	5.3	10.4	6.5	5.0	7.9
NUMBER OF RESPONDENTS	134	153	148	175	204	195	146	150	25	33	35	32

SECTION V. FINANCIAL DATA RELATED TO REGION

FIGURE V-1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1982 & 1983

Table V-1 contains income and expense data by region, and Table V-2 presents balance sheet information. Key ratios for 1981-1983 for firms in each of the 10 regions are in Table V-3.

REGION 1: Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, Vermont
REGION 2: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia
REGION 3: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee
REGION 4: Arkansas, Louisiana, Oklahoma, Texas
REGION 5: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
REGION 6: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
REGION 7: Arizona, Colorado, New Mexico, Utah, Wyoming
REGION 8: Alaska, Idaho, Montana, Oregon, Washington
REGION 9: California, Hawaii, Nevada
REGION 10: Canada

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TABLE V-1. INCOME AND EXPENSE BY REGION, 1983

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	12,284,007	63.53	20,208,698	72.87	19,025,967	68.57	34,435,572	78.49	18,965,431	54.36
Merchandise & Equipment Sales	6,441,814	33.31	5,934,426	21.40	7,752,585	27.94	7,478,384	17.05	14,785,742	42.38
Other Operating Income	610,592	3.16	1,591,154	5.74	969,121	3.49	1,958,712	4.46	1,139,907	3.27
Total Operating Income	19,336,413	100.00	27,734,278	100.00	27,747,673	100.00	43,872,668	100.00	34,891,080	100.00
Less Cost of Sales	5,399,351	27.92	4,669,144	16.84	5,108,502	18.41	5,176,865	11.80	12,229,293	35.05
Gross Operating Profit	13,937,062	72.08	23,065,134	83.16	22,639,171	81.59	38,695,803	88.20	22,661,787	64.95
OPERATING EXPENSES:										
Salaries & Wages	5,046,758	26.10	7,866,281	28.36	7,827,428	28.21	11,281,047	25.71	8,468,089	24.27
Employee Benefits & Taxes	837,785	4.33	1,130,317	4.08	1,131,809	4.08	1,694,745	3.86	1,234,254	3.54
Equipment Maintenance & Repair	541,885	2.80	1,807,834	6.52	1,915,882	6.90	3,164,348	7.21	1,251,106	3.59
Shop Supplies & Expense	361,722	1.87	533,817	1.92	634,496	2.29	926,878	2.11	479,880	1.38
Occupancy Cost	896,380	4.64	1,934,158	6.97	1,301,461	4.69	1,603,185	3.65	1,897,378	5.44
Bad Debts Expense	133,885	0.69	208,871	0.75	199,270	0.72	539,224	1.23	70,165	0.20
Office Supplies & Expenses	233,794	1.21	405,205	1.46	302,990	1.09	403,571	0.92	387,973	1.11
Associations & Travel Expense	160,181	0.83	213,391	0.77	195,221	0.70	270,790	0.62	231,296	0.66
Legal & Accounting	153,499	0.79	233,523	0.84	227,147	0.82	297,640	0.68	206,384	0.59
Telephone & Other Communications	163,020	0.84	264,014	0.95	279,950	1.01	403,005	0.92	357,562	1.02
Automobile & Truck Expense	452,823	2.34	594,177	2.14	480,757	1.73	1,003,606	2.29	481,788	1.38
Insurance	451,883	2.34	702,625	2.53	627,216	2.26	1,103,528	2.52	687,757	1.97
Advertising & Promotion	389,644	2.02	828,095	2.99	533,029	1.92	828,065	1.89	787,281	2.26
Other Taxes	80,345	0.42	345,358	1.25	316,775	1.14	366,853	0.84	460,805	1.32
Interest	675,552	3.49	1,125,602	4.06	785,889	2.83	1,646,073	3.75	870,129	2.49
Franchise Fees	77,385	0.40	67,095	0.24	132,463	0.48	18,146	0.04	38,499	0.11
Depreciation, Non-Rental Equipment	212,345	1.10	420,132	1.51	438,473	1.58	1,053,155	2.40	586,446	1.68
Other Operating Expenses	277,999	1.44	439,642	1.59	564,932	2.04	893,358	2.04	427,268	1.22
TOTAL OPERATING EXPENSES	11,146,885	57.65	19,120,137	68.94	17,895,188	64.49	27,497,217	62.68	18,924,060	54.24
Operating Profit Before Rental Depr.	2,790,177	14.43	3,944,997	14.22	4,743,983	17.10	11,198,586	25.53	3,737,727	10.71
Depreciation on Rental Equipment	1,505,254	7.78	2,686,028	9.68	3,129,678	11.28	6,894,981	15.72	2,882,470	8.26
OPERATING PROFIT	1,284,923	6.65	1,258,969	4.54	1,614,305	5.82	4,303,605	9.81	855,257	2.45
Other Income & Expense (Net)	190,032	0.98	77,636	0.28	298,281	1.07	436,706	1.00	180,394	0.52
NET INCOME BEFORE INCOME TAXES	1,474,955	7.63	1,336,605	4.82	1,912,586	6.89	4,740,311	10.80	1,035,651	2.97
NUMBER OF RESPONDENTS	33		39		53		35		53	

TABLE V-1. INCOME AND EXPENSE BY REGION, 1983 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	12,340,811	66.85	19,412,594	83.45	13,712,783	72.34	28,374,602	72.24	23,018,541	58.90
Merchandise & Equipment Sales	4,715,335	25.54	2,851,452	12.26	4,426,834	23.35	8,502,486	21.65	11,551,401	29.56
Other Operating Income	1,404,238	7.61	999,210	4.30	817,323	4.31	2,399,455	6.11	4,509,477	11.54
Total Operating Income	18,460,384	100.00	23,263,256	100.00	18,956,940	100.00	39,276,543	100.00	39,079,419	100.00
Less Cost of Sales	3,322,741	18.00	2,043,007	8.78	3,175,095	16.75	7,848,698	19.98	8,740,841	22.37
Gross Operating Profit	15,137,643	82.00	21,220,249	91.22	15,781,845	83.25	31,427,845	80.02	30,338,578	77.63
OPERATING EXPENSES:										
Salaries & Wages	4,959,848	26.87	7,477,809	32.14	5,097,473	26.89	10,418,234	26.53	10,809,125	27.66
Employee Benefits & Taxes	552,311	2.99	1,074,731	4.62	772,892	4.08	1,274,296	3.24	943,956	2.42
Equipment Maintenance & Repair	1,336,758	7.24	2,109,289	9.07	1,208,882	6.38	3,081,545	7.85	2,358,625	6.04
Shop Supplies & Expense	654,248	3.54	597,917	2.57	693,595	3.66	954,452	2.43	953,158	2.44
Occupancy Cost	950,651	5.15	1,387,519	5.96	1,160,547	6.12	2,036,685	5.19	2,617,242	6.70
Bad Debts Expense	69,252	0.38	128,936	0.55	145,993	0.77	393,933	1.00	420,226	1.08
Office Supplies & Expenses	178,127	0.96	312,850	1.34	228,143	1.20	398,516	1.01	555,987	1.42
Associations & Travel Expense	86,785	0.47	154,487	0.66	136,559	0.72	285,735	0.73	268,804	0.69
Legal & Accounting	251,138	1.36	224,027	0.96	127,301	0.67	279,624	0.71	242,538	0.62
Telephone & Other Communications	189,166	1.02	172,383	0.74	149,709	0.79	291,175	0.74	529,695	1.36
Automobile & Truck Expense	249,580	1.35	240,341	1.03	251,057	1.32	665,444	1.69	954,429	2.44
Insurance	511,947	2.77	579,803	2.49	438,453	2.31	1,191,517	3.03	297,919	0.76
Advertising & Promotion	536,458	2.91	483,158	2.08	443,223	2.34	581,513	1.48	1,062,503	2.72
Other Taxes	279,631	1.51	237,086	1.02	245,758	1.30	673,509	1.71	140,631	0.36
Interest	508,489	2.75	659,054	2.83	596,378	3.15	1,170,856	2.98	1,467,033	3.75
Franchise Fees	389,875	2.11	22,840	0.10	26,070	0.14	115,550	0.29	1,726	0.00
Depreciation, Non-Rental Equipment	257,207	1.39	471,859	2.03	358,657	1.89	797,903	2.03	497,990	1.27
Other Operating Expenses	212,759	1.15	403,955	1.74	273,256	1.44	936,937	2.39	2,064,221	5.28
TOTAL OPERATING EXPENSES	12,174,230	65.95	16,738,044	71.95	12,353,946	65.17	25,547,424	65.04	26,185,808	67.01
Operating Profit Before Rental Depr.	2,963,413	16.05	4,482,205	19.27	3,427,899	18.08	5,880,421	14.97	4,152,770	10.63
Depreciation on Rental Equipment	1,984,698	10.75	2,764,405	11.88	2,075,139	10.95	4,154,946	10.58	2,706,487	6.93
OPERATING PROFIT	978,715	5.30	1,717,800	7.38	1,352,760	7.14	1,725,475	4.39	1,446,283	3.70
Other Income & Expense (Net)	108,817	0.59	128,414	0.55	195,962	1.03	363,886	0.93	123,949	0.32
NET INCOME BEFORE INCOME TAXES	1,087,532	5.89	1,846,214	7.94	1,548,722	8.17	2,089,361	5.32	1,570,232	4.02
NUMBER OF RESPONDENTS	34		32		29		26		29	

TABLE V-2. BALANCE SHEETS BY REGION, 1983

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	1,193,626	10.35	1,287,631	7.18	1,432,444	7.52	3,629,717	8.72	1,358,798	5.71
Accounts Receivable (Net)	1,812,210	15.72	2,795,592	15.58	2,473,518	12.99	4,325,097	10.39	3,566,699	14.99
Merchandise Inventories	1,136,160	9.85	1,854,269	10.33	1,962,675	10.31	1,718,071	4.13	5,831,801	24.51
Marketable Securities	191,097	1.66	113,335	0.63	39,987	0.21	471,482	1.13	215,520	0.91
Prepaid Expenses	199,348	1.73	155,875	0.87	405,451	2.13	453,736	1.09	231,709	0.97
Supplies Inventory	12,157	0.11	130,316	0.73	37,087	0.19	102,214	0.25	16,083	0.07
Other Current Assets	195,300	1.69	367,662	2.05	475,909	2.50	543,488	1.31	413,605	1.74
Total Current Assets	4,739,898	41.10	6,704,680	37.36	6,827,071	35.85	11,243,805	27.00	11,634,215	48.89
Rental Equipment—Net Book Value	5,345,254	46.35	8,796,025	49.02	9,007,512	47.31	21,256,520	51.05	7,776,733	32.68
Other Fixed Assets—Net Book Value	1,076,205	9.33	2,191,679	12.21	2,303,161	12.10	7,665,671	18.41	3,529,006	14.83
Total Fixed Assets	6,421,459	55.69	10,987,704	61.23	11,310,673	59.40	28,922,191	69.46	11,305,739	47.51
Other Assets	370,322	3.21	252,214	1.41	903,542	4.75	1,473,653	3.54	857,441	3.60
TOTAL ASSETS	11,531,679	100.00	17,944,598	100.00	19,041,286	100.00	41,639,649	100.00	23,797,395	100.00
CURRENT LIABILITIES:										
Accounts Payable	962,749	8.35	1,018,090	5.67	1,043,706	5.48	2,653,628	6.37	1,335,291	5.61
Current Notes Payable	1,090,853	9.46	2,504,089	13.95	2,496,249	13.11	3,988,834	9.58	2,067,804	8.69
Contracts Payable	519,736	4.51	53,352	0.30	11,290	0.06	63,371	0.15	1,780,342	7.48
Customers' Rental Deposits	34,660	0.30	70,322	0.39	94,446	0.50	233,883	0.56	43,664	0.18
Accrued Expenses	334,984	2.90	299,371	1.67	606,824	3.19	1,103,002	2.65	650,071	2.73
Taxes Payable	454,632	3.94	575,587	3.21	212,967	1.12	556,149	1.34	247,749	1.04
Other Current Liabilities	83,944	0.73	90,603	0.50	390,849	2.05	50,414	0.12	630,580	2.65
Total Current Liabilities	3,481,558	30.19	4,611,414	25.70	4,856,331	25.50	8,649,281	20.77	6,755,501	28.39
Long-Term Debt	2,665,622	23.12	6,197,371	34.54	4,575,823	24.03	9,410,427	22.60	4,299,262	18.07
Other Liabilities	244,458	2.12	192,757	1.07	113,799	0.60	741,308	1.78	1,203,383	5.06
Total Liabilities	6,391,638	55.43	11,001,542	61.31	9,545,953	50.13	18,801,016	45.15	12,258,146	51.51
Net Worth	5,140,041	44.57	6,943,056	38.69	9,495,333	49.87	22,838,633	54.85	11,539,249	48.49
TOTAL LIABILITIES & NET WORTH	11,531,679	100.00	17,944,598	100.00	19,041,286	100.00	41,639,649	100.00	23,797,395	100.00
NUMBER OF RESPONDENTS	33		39		53		35		53	

TABLE V-2. BALANCE SHEETS BY REGION, 1983 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	664,893	5.07	2,164,242	11.62	1,570,684	11.88	2,772,740	9.92	1,035,156	4.19
Accounts Receivable (Net)	1,182,548	9.02	1,952,244	10.48	1,366,727	10.34	3,713,772	13.29	4,428,072	17.92
Merchandise Inventories	1,451,134	11.07	792,209	4.25	1,095,152	8.28	1,487,966	5.33	3,636,914	14.72
Marketable Securities	134,770	1.03	463,267	2.49	49,137	0.37	32,544	0.12	130,788	0.53
Prepaid Expenses	79,031	0.60	158,267	0.85	126,797	0.96	552,880	1.98	274,634	1.11
Supplies Inventory	19,314	0.15	24,249	0.13	25,342	0.19	56,732	0.20	82,101	0.33
Other Current Assets	519,445	3.96	282,091	1.51	286,085	2.16	285,974	1.02	118,492	0.48
Total Current Assets	4,051,135	30.91	5,836,569	31.33	4,519,924	34.18	8,902,608	31.86	9,706,157	39.29
Rental Equipment—Net Book Value	6,950,369	53.02	8,900,870	47.77	6,232,599	47.13	13,657,138	48.88	8,498,406	34.40
Other Fixed Assets—Net Book Value	1,631,015	12.44	3,273,052	17.57	1,881,950	14.23	4,227,993	15.13	5,502,354	22.27
Total Fixed Assets	8,581,384	65.47	12,173,922	65.34	8,114,549	61.36	17,885,181	64.01	14,000,760	56.67
Other Assets	475,685	3.63	621,624	3.34	589,259	4.46	1,151,316	4.12	999,874	4.05
TOTAL ASSETS	13,108,204	100.00	18,632,115	100.00	13,223,732	100.00	27,939,105	100.00	24,706,791	100.00
CURRENT LIABILITIES:										
Accounts Payable	691,712	5.28	537,163	2.88	611,070	4.62	1,249,520	4.47	4,077,475	16.50
Current Notes Payable	1,357,158	10.35	1,921,650	10.31	911,116	6.89	1,585,116	5.67	3,968,914	16.06
Contracts Payable	1,894	0.01	188,428	1.01	180,277	1.36	1,214,253	4.35	165,457	0.67
Customers' Rental Deposits	8,451	0.06	28,384	0.15	46,912	0.35	54,301	0.19	13,985	0.06
Accrued Expenses	395,439	3.02	396,428	2.13	334,552	2.53	1,061,098	3.80	494,732	2.00
Taxes Payable	137,153	1.05	195,621	1.05	337,691	2.55	191,816	0.69	398,905	1.61
Other Current Liabilities	442,695	3.38	75,336	0.40	134,034	1.01	84,125	0.30	327,333	1.32
Total Current Liabilities	3,034,502	23.15	3,343,010	17.94	2,555,652	19.33	5,440,229	19.47	9,446,801	38.24
Long-Term Debt	2,411,591	18.40	4,071,854	21.85	3,804,916	28.77	6,491,678	23.24	6,033,912	24.42
Other Liabilities	370,845	2.83	247,717	1.33	607,467	4.59	87,948	0.31	1,405,919	5.69
Total Liabilities	5,816,938	44.38	7,662,581	41.13	6,968,035	52.69	12,020,055	43.02	16,886,632	68.35
Net Worth	7,291,266	55.62	10,969,534	58.87	6,255,697	47.31	15,919,050	56.98	7,820,159	31.65
TOTAL LIABILITIES & NET WORTH	13,108,204	100.00	18,632,115	100.00	13,223,732	100.00	27,939,105	100.00	24,706,791	100.00
NUMBER OF RESPONDENTS	34		32		29		26		29	

TABLE V-3. FINANCIAL RATIOS BY REGION, 1981-1983

	Northeast 1			Eastern 2			Southeast 3			Southwest 4			Great Lakes 5		
Financial Ratio	1983	1982	1981	1983	1982	1981	1983	1982	1981	1983	1982	1981	1983	1982	1981
Current Ratio	1.36	2.00	1.85	1.45	1.15	1.24	1.41	1.47	1.69	1.30	1.07	1.23	1.72	2.47	1.57
Acid Test Ratio	.92	1.08	1.20	.91	.62	.54	.81	.84	.96	.97	.55	.84	.76	1.25	.77
Return on Investment	28.7%	20.9%	25.3%	19.3%	10.1%	1.4%	20.1%	15.8%	20.1%	20.8%	21.8%	25.6%	9.0%	7.9%	7.0%
Return on Total Assets	12.8%	10.4%	10.4%	7.4%	4.0%	0.4%	10.0%	7.7%	11.9%	11.4%	9.3%	11.7%	4.4%	4.3%	3.1%
Return on Revenues	7.6%	5.8%	5.9%	4.8%	2.9%	0.3%	6.9%	5.4%	8.1%	10.8%	7.9%	8.6%	3.0%	2.9%	2.2%
Average Collection Period (Days)	34	29	31	37	37	28	33	29	32	36	29	35	37	32	30
Profits on Rental Investment	27.6%	30.8%	25.2%	15.2%	8.6%	0.9%	21.2%	17.6%	26.9%	22.3%	20.5%	22.7%	13.3%	11.7%	8.1%
Total Revenues to Rental Investment	3.6	5.3	4.2	3.2	3.0	3.1	3.1	3.3	3.3	2.1	2.6	2.6	4.5	4.1	3.7
Rental Revenues to Rental Investment	2.3	2.9	2.9	2.3	2.0	1.9	2.1	2.2	1.9	1.6	1.7	1.6	2.4	2.4	2.1
Rental Revenues to Equipment Cost	1.00	1.04	1.07	.80	.73	.75	.82	.83	.88	.74	.83	.81	.88	.92	.89
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	36.2	38.0	37.0	34.1	33.9	34.5	34.6	33.9	33.8	29.2	32.1	31.2	37.4	37.8	35.9
Employee Benefits	6.0	7.0	6.3	4.9	4.6	4.4	5.0	4.7	5.7	4.4	4.4	4.3	5.4	4.7	5.1
Total	42.2	45.0	43.3	39.0	38.5	38.9	39.6	38.6	39.5	33.6	36.5	35.5	42.8	42.5	41.0
Depreciation (All)	12.3	11.6	11.3	13.5	14.1	15.8	15.8	16.4	16.2	20.5	16.5	16.6	15.3	14.6	14.4
Occupancy Cost	6.4	7.1	8.0	8.4	8.6	7.7	5.7	5.4	4.4	4.1	4.6	4.2	8.4	7.6	7.5
Equipment Maintenance & Repair	3.9	4.1	4.7	7.8	6.8	6.2	8.5	9.4	8.1	8.2	7.4	6.6	5.5	6.5	7.0
Interest	4.8	3.9	3.9	4.9	6.7	8.1	3.5	3.6	3.3	4.3	6.4	5.8	3.8	4.2	5.4
Advertising & Promotion	2.8	2.8	3.4	3.6	2.9	3.4	2.4	2.5	2.2	2.1	2.2	2.3	3.5	2.9	3.4
Insurance	3.2	3.8	4.0	3.0	3.8	4.1	2.8	3.5	3.7	2.9	3.1	3.7	3.0	3.7	4.2
Shop Supplies & Expense	2.6	2.9	4.6	2.3	3.2	4.3	2.8	2.8	2.1	2.4	3.4	5.7	2.1	2.6	3.3
OPERATING PROFIT	9.2	7.2	7.1	5.5	2.4	Loss	7.1	5.9	9.4	11.1	8.8	9.5	3.8	3.1	1.7
NUMBER OF RESPONDENTS	33	42	28	39	39	36	53	47	36	35	39	42	53	66	54

TABLE V-3. FINANCIAL RATIOS BY REGION, 1981-1983 (Continued)

Financial Ratio	Midwest 6			Rocky Mountain 7			Northwest 8			Pacific 9			Canada 10		
	1983	1982	1981	1983	1982	1981	1983	1982	1981	1983	1982	1981	1983	1982	1981
Current Ratio	1.33	1.10	1.74	1.75	1.61	1.85	1.77	1.76	1.61	1.64	1.69	1.07	1.03	1.09	.89
Acid Test Ratio	.65	.52	.78	1.37	1.17	1.37	1.17	1.15	.98	1.20	.99	.72	.59	.56	.53
Return on Investment	14.9%	4.0%	14.9%	16.8%	7.8%	8.9%	24.8%	15.9%	19.5%	13.1%	Loss	9.8%	20.1%	8.1%	46.0%
Return on Total Assets	8.3%	1.9%	7.9%	9.9%	4.6%	5.9%	11.7%	8.5%	8.3%	7.5%	Loss	4.0%	6.4%	2.6%	8.6%
Return on Revenues	5.9%	1.4%	5.9%	7.9%	3.5%	5.2%	8.2%	6.1%	5.1%	5.3%	Loss	2.9%	4.0%	1.6%	5.9%
Average Collection Period (Days)	23	22	20	31	26	36	26	24	30	35	39	39	41	43	56
Profits on Rental Investment	15.6%	3.2%	15.0%	20.7%	9.8%	12.9%	24.8%	18.1%	19.8%	15.3%	Loss	7.7%	18.5%	8.1%	23.9%
Total Revenues to Rental Investment	2.7	2.4	2.6	2.6	2.8	2.5	3.0	3.0	3.9	2.9	2.2	2.7	4.6	5.0	4.1
Rental Revenues to Rental Investment	1.8	1.8	1.8	2.2	2.1	1.9	2.2	2.1	2.1	2.1	1.6	2.1	2.7	2.9	2.3
Rental Revenues to Equipment Cost	.80	.87	.86	.81	.82	.79	.81	.83	.92	.79	.64	.95	1.05	1.17	1.04
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	32.8	30.0	31.1	35.2	39.4	37.9	32.3	32.2	32.6	33.1	34.2	29.0	35.6	37.7	35.8
Employee Benefits	3.6	4.1	3.6	5.1	6.8	7.0	5.0	5.6	4.9	4.1	4.1	4.1	3.1	3.1	2.9
Total	36.4	34.1	34.7	40.3	46.2	44.9	37.3	37.8	37.5	37.2	38.3	33.1	38.7	40.8	38.7
Depreciation (All)	14.8	14.8	14.7	15.3	14.4	15.1	15.4	15.0	13.9	15.8	17.0	16.5	10.6	11.5	12.6
Occupancy Cost	6.3	7.5	6.6	6.5	5.8	4.9	7.4	9.3	6.8	6.5	5.9	7.8	8.6	8.1	4.7
Equipment Maintenance & Repair	8.8	9.7	8.7	9.9	8.8	8.7	7.7	5.9	6.5	9.8	9.2	11.4	7.8	6.9	9.3
Interest	3.4	5.5	4.8	3.1	3.5	3.2	3.8	3.6	4.2	3.7	5.7	6.3	4.8	6.5	8.1
Advertising & Promotion	3.5	3.1	3.1	2.3	2.2	1.7	2.8	2.8	3.0	1.9	2.4	2.0	3.5	3.6	1.6
Insurance	3.4	3.7	4.2	2.7	2.9	3.4	2.8	3.4	3.3	3.8	4.7	2.9	1.0	0.9	1.1
Shop Supplies & Expense	4.3	5.9	3.9	2.8	3.3	3.0	4.4	4.2	3.3	3.0	3.4	5.9	3.1	7.7	4.7
OPERATING PROFIT	6.5	0.5	6.1	8.1	2.9	4.9	8.6	5.3	6.6	5.5	Loss	2.7	4.8	1.8	7.1
NUMBER OF RESPONDENTS	34	43	40	32	33	19	29	23	27	26	24	21	29	25	26

COST: $10.00

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